

In accordance with paragraph 49 of Schedule B1 of the Insolvency Act 1986 and rule 3.35 of the Insolvency (England and Wales) Rules 2016

Date: 9 August 2019

Anticipated to be delivered on 21 August 2019

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# ***Stronghold Insurance Company Limited*** (in Administration)

In the High Court of Justice  
Business and Property Courts of England and Wales  
Insolvency & Companies List (ChD)

Case No. 3882 of 2019

Administrators' proposals for achieving the purpose of  
Administration

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## Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this document

Abbreviation or definition	Meaning
Administration	The Administration of Stronghold Insurance Company Limited
Administrators/we/us/our	Dan Yoram Schwarzmann and Douglas Nigel Rackham
BEIS	Department for Business, Energy & Industrial Strategy
Cedants/Reinsurance creditors	Unsecured non-preferential creditors whose claims arise from being holders of policies of reinsurance issued by the Company
Company	Stronghold Insurance Company Limited (in Administration)
Court	The High Court of Justice Business and Property Courts of England and Wales Insolvency & Companies List (ChD)
Direct insurance creditors	Unsecured non-preferential creditors whose claims arise from being direct policyholders of the Company
FCA	Financial Conduct Authority
HMRC	HM Revenue & Customs
IA86	Insolvency Act 1986
IR16	Insolvency (England and Wales) Rules 2016
Letter of Credit	Collateral established in favour of various named beneficiaries set up in the normal course of business to provide security for US policyholders
PRA	Prudential Regulatory Authority
Preferential creditors	Primarily employee claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
Prescribed Part	The amount set aside for unsecured creditors from floating charge funds in accordance with section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
PwC	PricewaterhouseCoopers LLP
RPS	Redundancy Payments Service, part of the Insolvency Service, which is an executive agency sponsored by BEIS, and which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996
Sch B1 IA86	Schedule B1 to the Insolvency Act 1986
Secured creditor	A creditor with security in respect of their debt, in accordance with section 248 IA86
SIP	Statement of Insolvency Practice. SIPs are issued to insolvency practitioners under procedures agreed between the insolvency regulatory authorities. SIPs set out principles and key compliance standards with which insolvency practitioners are required to comply.

SIP 9	Statement of Insolvency Practice 9: Payments to insolvency office holders and their associates
SIP 13	Statement of Insolvency Practice 13: Disposal of assets to connected parties in an insolvency process
Solvent Scheme	The Scheme of Arrangement which was proposed prior to the Company entering into Administration
Trust Fund	A fund established in the normal course of business for security in respect of the payment of claims under US policies (being policies of insurance or reinsurance issued by the Company where the premiums and losses are expressed to be payable in US Dollars). The agreement pursuant to which the Trust Fund is constituted does not name intended beneficiaries nor the amounts payable to them.
Unsecured creditors	Creditors who are neither secured nor preferential
VAT	Value Added Tax
Witness Statement	Signed document submitted by Andrew Gregory on behalf of the Board to the Court advising of the insolvency of the Company and requesting that the Company be placed into Administration

## Why we have prepared this document

As explained in our letters dated 3 July 2019 and 4 July 2019, the Company was placed into Administration on 27 June 2019 and Douglas Nigel Rackham and I were appointed as Administrators.

We tell you in this document why the Company was put into Administration. We give you a brief history and set out our proposals for achieving the purpose of Administration. We include details of the Company's assets and liabilities and provide an outline of the possible outcomes for creditors.

According to IA86, the purpose of an Administration is to achieve one of these objectives:

- (a) Rescuing the company as a going concern, or if that is not possible or if (b) would achieve a better result for the creditors than (a)
- (b) Achieving 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), or finally, if that is not possible
- (c) Realising the company's assets to pay a dividend to secured or preferential creditors.

In this case, we're following (b) as it is not reasonably practical to rescue the Company as a going concern.

Our job is to manage the Company until creditors agree our proposals for achieving the purpose of Administration and we've implemented them so far as possible. After that the Administration will end.

The whole of this document and its appendices form our statement of proposals for achieving the purpose of Administration.

We are seeking creditors' decisions by correspondence on the following matters:

- The approval of our proposals for achieving the purpose of Administration.
- That a creditors' committee be formed and if between three and five nominations are received, these creditors will serve as members of the committee.

We have decided to seek decisions on the approval of our proposals and the formation of the creditors' committee by correspondence because following the informal meeting of creditors on 29 July 2019, we want to maintain active engagement with creditors and provide an early opportunity for creditors to input into the formation of the strategy pursued by the Administrators. We believe that decision by correspondence is the most efficient method of seeking input and approval of our proposals from creditors. Please see the decision notice in Appendix D.

If you've got any questions, please get in touch with one of my colleagues, John Baker, on (+44) 7483 326 661 or Robbie Kerr on (+44) 7841 786 570.

Signed.....



Dan Yoram Schwarzmann

Administrator of Stronghold Insurance Company Limited

*Dan Yoram Schwarzmann and Douglas Nigel Rackham have been appointed as Administrators of Stronghold Insurance Company Limited to manage its affairs, business and property as agents and without personal liability. Dan Yoram Schwarzmann and Douglas Nigel Rackham are both licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.*

*Stronghold Insurance Company Limited is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority, reference number 202552.*

*The Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>.*

*The Administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Administrators. Personal data will be kept secure and processed only for matters relating to the Administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Administrators.*

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## *A summary of what you could recover*

This is a brief summary of the possible outcome for creditors of the Company based on what we know so far. It is relatively early in the Administration and there are still a number of material uncertainties which may cause the current assumptions underpinning the conclusions in this document to change. Please read the rest of this document and seek further specific advice where needed.

### *Estimated outcomes*

#### **Secured creditors:**

There is no floating charge registered against the Company's assets.

The Company is party to a Trust Fund arrangement and in addition some US policyholders have security in the form of Letters of Credit issued by Citibank, N.A. on behalf of the Company. Accordingly Citibank, N.A. have registered charges over cash collateral held by them as custodian. We are in the process of reviewing the basis of these agreements and will revert to creditors in our first progress report which will be due within one month of the expiry of six months after the appointment date.

It is not yet possible to provide an accurate estimate on the dividend prospects for those creditors who are party to these arrangements.

#### **Preferential creditors:**

Given the low number of employees and low value of their potential preferential claims, it was decided to pay all unpaid wages, holiday pay and unpaid pension contributions as expenses of the Administration. This is on the basis that the cost of agreeing preferential claims and paying a dividend to preferential creditors would exceed this.

We therefore anticipate that there will be no preferential creditors of the Company.

#### **Unsecured creditors:**

Direct insurance creditors rank ahead of all other unsecured creditors by virtue of The Insurers (Reorganisation and Winding Up) Regulations 2004.

At this stage of the Administration, we cannot give a meaningful estimate of the outcome for direct insurance creditors or other unsecured creditors, including reinsurance creditors. The outcome for creditors will depend significantly on how the purpose of the Administration is achieved. As described in more detail in the 'Objective of the Administration' section of this document on page 10, a Scheme of Arrangement, similar in nature to a plan of reorganisation, is believed to be the most cost effective way to maximise assets available to creditors. The section 'The circumstances leading to our appointment' on pages 6-7 also explains why a Scheme of Arrangement in Administration is the preferred alternative to other insolvency procedures.



# ***Brief history of the Company and why it is in Administration***

## ***Background***

The Company was incorporated in 1962 and during its active underwriting life it wrote direct and reinsurance USA Casualty business either by way of Treaty Excess of Loss to the London Market and USA companies, or by way of Surplus Line insurance. The underwriting of the Company was directed by Donald Fox and initially it wrote exclusively non-proportional and reinsurance business. The Company wrote its first risk on 31 October 1962. With effect from 5 July 1965, the Company formed an association with Eagle Star to cede a fixed percentage of its casualty facultative book of business to Eagle Star. This "Quota Share Agreement" enabled the Company to operate as a London Market Company Lead. This arrangement with Eagle Star ceased by 1968. By 1970, the Company made the decision to extend its activities into certain selected areas of proportional treaty business. For many years the Company had provided fronting facilities to companies who were otherwise unable to write certain classes of business. These included Turegum from 1962 to 1969 inclusive, and the R.W. Gibbon & Son Agency Companies.

From the early 1980s, the Company began to experience an increase in notifications in respect of asbestos-related and environmental pollution claims emanating from the USA arising from policies written in the 1960s, 1970s and 1980s. As a consequence, the Company, for all practical purposes, ceased underwriting at the end of 1984 with only limited business being written in 1985 where there had been a contractual obligation in force to renew.

## ***The circumstances leading to our appointment***

Upon introduction of the Solvency II directive in 2016, the Company was no longer able to meet the minimum capital requirement imposed under that regulation. A Solvent Scheme was proposed but was not implemented due to opposition by certain creditors. Prior to the proposed Solvent Scheme, the Company did consider three options with a view to curing its breach of Solvency II requirements, namely:

- (a) The injection of further shareholder capital.
- (b) A potential sale to a third party.
- (c) A Part VII Transfer.

Unfortunately, none of the above options were judged feasible given the amount of capital the shareholder or acquirer would need to inject into the Company in order to achieve Solvency II compliance (approximately USD 21 million at year end 2018).

In light of claims information submitted by the Company's creditors pursuant to the Solvent Scheme meetings, the Board re-examined the Company's financial position. As a result, it became clear that the claims of certain major creditors, including direct insurance creditors, were at a considerably higher level than the Company had to that point provisioned for based on its assessment of its liabilities. As a consequence of deciding not to proceed with the Solvent Scheme and following discussions with the Company's auditors, a number of other adjustments would have been required to the Company's draft accounts at year end 2018. Prior to these adjustments, the Company showed a net assets balance of approximately USD 5 million. The adjustments proposed would have resulted in a deterioration of net assets of approximately USD 8-10 million, thereby eliminating the USD 5 million balance set out in the draft accounts. In addition, these adjustments did not include any allowance for the potential increase in technical reserves in respect of direct insurance creditors, which would further worsen the Company's overall solvency position.



After careful review of the Company’s financial position, the Board therefore concluded that the Company did not have sufficient assets to meet its liabilities and was insolvent on a balance sheet basis. The Company ceased paying creditors’ claims on 31 May 2019.

As a result, the directors took steps to place the Company into Administration since the liabilities of the Company were believed to exceed its assets.

The Company did consider whether a Liquidation proceeding would be more appropriate than an Administration. The Board determined that an Administration was preferable to a Liquidation on the basis that an Administration offers a more flexible procedure and is likely to result in a better outcome for creditors. An Administration offers protection for the Company through the statutory moratorium pending a determination made by the Administrators as to the next steps for the Company. The possibility of implementation of a Scheme of Arrangement, similar in nature to a plan of reorganisation, in an Administration is considered to be a better option than a Liquidation because:

- (a) There is a statutory requirement in a Liquidation for all claims denominated in a currency other than GBP to be converted to GBP, at the rate of exchange prevailing at the date of the Company’s Liquidation (rules 14.21(2) of the Insolvency (England and Wales) Rules 2016). Since the majority of creditors of the Company have claims denominated in USD, those creditors would bear the associated foreign exchange risk in a Liquidation. Such a conversion is not automatically imposed in an Administration.
- (b) It is unlikely that a Liquidator would wish to make any distributions to creditors until such time as he/she could assess with accuracy the level of ultimate liabilities and assets. Given the nature of the Company’s liabilities and assets, it is probable that there would be a material delay, potentially of many years, between the appointment of a Liquidator and the payment of a first dividend. Where a Liquidator makes determinations upon claims, it is open to a creditor to appeal the determination to the Court in any event, which would delay the process and incur additional court and other costs and time. These delays would likely be minimised by a Scheme of Arrangement which would include a process for the agreement or other determination of claims more quickly than would likely be achieved in a Liquidation.

Please refer to the ‘Statement of Affairs’ section on page 13 of these proposals for further details of the Company’s financial position at the date of appointment.

### *Pre-Administration costs*

Our pre-appointment time costs incurred between 28 May 2019 and 27 June 2019 total £93,411 (plus VAT). The Company also incurred legal fees and expenses between 21 May 2019 and 27 June 2019 of £114,495 (plus VAT) and legal expenses not subject to VAT in the same time period of £378.

PwC were originally retained as advisers to the Company in respect of the Solvent Scheme. However, when it became clear that insolvency of the Company was inevitable, PwC worked with the Company’s directors and their legal advisers in preparing for Administration. Notably, the pre-appointment work undertaken by PwC included the following:

- Providing guidance and assistance in determining the most appropriate insolvency mechanism.
- Development of the content of the Witness Statement submitted by Andrew Gregory on behalf of the Board advising of the insolvency of the Company and requesting that the Company be placed into Administration.
- Discussions with the PRA and FCA with respect to the proposed Administration.
- Identifying potential risks in advance of our appointment and developing appropriate safeguards to mitigate these risks upon appointment.

- Understanding the core operations of the Company, including critical suppliers, imminent payments and the nature, size and location of Company assets.
- Preparing appropriate communication plans and content for stakeholders that could be delivered as soon as possible after the appointment was made.
- Identifying, briefing and mobilising a suitable team of professionals to be ready once the appointment was made.

PwC's planning work prior to our appointment allowed us to progress our post appointment statutory duties both time and cost effectively, including securing the Company's assets and establishing relationships with suppliers. We think that this work made a significant contribution to achieving the purpose of Administration.

Further details of these fees and expenses, including the work undertaken, can be found at Appendix A.

The payment of unpaid pre-Administration costs as an expense of the Administration is subject to approval under rule 3.52 IR16 and doesn't form part of our proposals, which are subject to approval under paragraph 53 Sch B1 IA86. If you elect a creditors' committee, it will be up to the committee to give this approval under rule 3.52 IR16.

But if there is no committee, we'll ask the general body of creditors to do so instead.

To the best of our knowledge and belief, no fees or expenses were charged by any other insolvency practitioner.

# ***What we have done so far and what is next if our proposals are approved***

## ***Management and financing of the Company's affairs and business***

Our overriding objective is to achieve the best possible outcome for the creditors of the Company, achieved by maximising the value of the available assets to creditors and minimising costs incurred by the Company.

## ***Our strategy and actions to date***

Our strategy including actions taken so far, for maximising the value of the available assets to creditors and minimising costs incurred by the Company is as follows:

- Safeguard the Company's IT and data systems as well as Company's assets. Data backups were obtained immediately upon appointment and the Administrators took steps to safeguard all known assets of the Company.
- Secure and take control of cash and investments, determine and execute investment strategy.
- Take steps to reduce the Company's cost base including a reduction in staff where such staff are determined not to be required for the duration of the Administration. See below in this section a summary of the outcome of the employee skills assessment completed since appointment.
- Negotiate with key suppliers to ensure that all critical operations can be maintained and the business can continue to operate in run-off.
- Consider the cost effectiveness of an application for the protection of assets in the US under Chapter 15 of the US Bankruptcy Code. Following the completion of a cost benefit analysis, the Administrators intend to make such an application.
- Formulate initial proposals for a Scheme of Arrangement pursuant to Part 26 of the Companies Act 2006 and if so ordered by the Court, put such proposals to meetings of the appropriate class(es) of creditors. The formulation of such proposals is subject to further dialogue with creditors, particularly given the opposition to the Solvent Scheme by certain creditors. An initial informal consultation with creditors took place on 29 July 2019 at which creditors were invited to share their views on the concept of using a Scheme of Arrangement.
- Bring in relevant experts to assist us in the conduct of the Administration including actuarial support with respect to determining an agreeable claims valuation mechanism to be used in the potential Scheme of Arrangement.
- Consider the sale of the Company's freehold premises and relocation of remaining staff.
- Commence initial tax and VAT reviews into the affairs of the Company.
- Liaise with the FCA and PRA on progress and other matters arising.

We will work closely with the remaining director and staff of the Company to ensure the Administration is managed in the most cost efficient way possible.

As Administrators, we manage the business, affairs and property of the Company as its agents and without personal liability. We will implement our strategy in accordance with the Administrators' objectives and our

proposals as set out here. We will use the realisations made from the Company’s assets to finance the Administration whilst continuing to take all necessary steps to appropriately manage ongoing costs.

A skills assessment of the Company’s employees was carried out immediately post appointment. As a result, three employees were made redundant on 5 July 2019. Three individuals remain as employees of the Company including Andrew Gregory, the former Chief Executive Officer. The retained employees have been of great assistance in helping us to progress many areas of work, in unusual and difficult circumstances. We are keeping the resourcing needs of the Company under regular review whilst we work towards the objectives set out above.

We are aware that the Company is party to a Trust Fund arrangement and that in addition some US policyholders have security in the form of Letters of Credit issued by Citibank, N.A. on behalf of the Company. Accordingly Citibank, N.A. have registered charges over cash collateral held by them as custodian. These arrangements were made in the normal course of business and were required for writing business in the US. In summary, when a reinsurer covers risk in the US they are required to provide collateral (collateral being either a Letter of Credit or Trust Fund) to back open claims until they are settled. We are in the process of reviewing the basis of these agreements and will revert to creditors in our first progress report which will be due within one month of the expiry of six months after the appointment date.

### *Connected party transactions*

We have a duty (under SIP 13) to disclose any disposal of assets in the Administration to a director or other connected party, regardless of the nature or value of the assets concerned.

We are not aware that any such transactions have occurred and none are expected in future.

### *Directors’ conduct and investigations*

As we said in our initial letters to creditors dated 3 July 2019 and 4 July 2019, one of our duties is to look at the actions of anybody who has been a director of the Company in the three years before our appointment. We have to submit our findings to BEIS within three months of our appointment.

We also have to decide whether any action should be taken against anyone to recover or contribute to the Company’s assets. If you think there is something we should know about and you haven’t yet told us, please write to us. This is part of our normal work and doesn’t necessarily imply any criticism of the directors’ actions.

Please note that we will not be able to publish our findings and work in this area will be subject to strict confidentiality.

### *Objective of the Administration*

Pursuant to paragraph 3(1)(b) of Sch B1 IA 1986, the objective of the Administration is 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).

As explained previously in these proposals, the Company cannot be rescued as a going concern as it has been determined that the Company is balance sheet insolvent and the options available to the Company in order for it to return to solvency were not feasible.

It is proposed that the purpose of the Administration will be achieved via the implementation of a Scheme of Arrangement pursuant to Part 26 of the Companies Act 2006. The implementation of a Scheme of Arrangement is subject to further dialogue with creditors to understand any pre-existing concerns, particularly those raised during the previously proposed Solvent Scheme.

The Administrators are of the view that a Scheme of Arrangement is the best option for creditors as it is believed to be the most cost effective method by which assets available for distribution to creditors could be maximised and paid swiftly to creditors whilst minimising costs of the Administration. A Scheme of

Arrangement would allow us to work collaboratively with creditors to agree a claims valuation mechanism which would serve as the basis for determining the values of creditors’ claims against the Company.

The benefits of pursuing a Scheme of Arrangement in an Administration over a Liquidation are explained at the end of the section ‘The circumstances leading to our appointment’ on pages 6-7 of these proposals.

### *Estimated outcome for creditors*

We set out in the section “Summary of what you could recover” an outline of the possible outcomes for creditors. We set out in this section further information which may impact creditors of the Company.

### *Secured creditors*

As stated in the ‘Our strategy and actions to date’ section, we are aware that the Company is party to a Trust Fund arrangement and that some US policyholders have security in the form of Letters of Credit issued by Citibank, N.A. on behalf of the Company. Accordingly Citibank, N.A. have registered charges over cash collateral held by them as custodian. We are in the process of reviewing the basis of these agreements and will revert to creditors in our first progress report which will be due within one month of the expiry of six months after the appointment date.

It is not yet possible to provide an accurate estimate on the dividend prospects for those creditors who are party to these arrangements.

### *Preferential creditors*

Preferential creditors are primarily employee claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances.

Given the low number of employees and low value of their potential preferential creditors’ claims it was decided to pay all unpaid wages, holiday pay and unpaid pension contributions as expenses of the Administration. We think that the costs of adjudicating preferential claims and administering a dividend to preferential creditors would exceed this.

### *The Insurers (Reorganisation and Winding Up) Regulations 2004*

The Insurers (Reorganisation and Winding Up) Regulations 2004 apply to the Company which is a UK insurer. The effect of the Regulations is that direct insurance creditors have priority over other classes of unsecured creditors, including reinsurance creditors of the Company.

### *Unsecured creditors and the Prescribed Part*

It is not yet possible to provide an accurate estimate of the dividend prospects for unsecured creditors of the Company. The amount of any dividend will depend on the final level of admitted claims, future realisations and Administration costs.

In this case the Prescribed Part doesn’t apply because there is no floating charge registered against the Company.

### *Creditors’ committee*

We’re asking you to decide whether you wish to elect a creditors’ committee to help us in discharging our duties. If the creditors do wish to do so, there will be a creditors’ committee if enough creditors want to be on it. Please see Appendix B for a guide to creditors’ committees.

It is important that the full diverse range of creditors’ perspectives are captured through the forum of a creditors’ committee.



We welcome interest in creditors joining the creditors’ committee; any expressions of interest should be noted by completion of the relevant part of the voting form circulated with these proposals. If creditors agree to form a committee and three to five nominations are received, then these creditors will form the committee.

If more than five nomination are received and not withdrawn, there will be a further decision procedure to elect the committee. In this case, the Administrators will convene a meeting of the nominees at which the members of the creditors’ committee will be agreed by consensus. Whilst there is a statutory maximum of five members, provided the numbers are manageable the Administrators will encourage nominees who are not members to be observers and provide input at creditors’ committee meetings.

### *Our fees and disbursements*

We propose that our fees are based on the time we and our staff spend on the case at our normal charge out rates for this type of work.

It will be up to the creditors’ committee to fix the basis of our fees and Category 2 disbursements. But if there’s no committee, we’ll ask the general body of creditors to do so instead. If creditors or the committee do not fix the basis of our fees and Category 2 disbursements, we may apply to the court to fix them no later than 18 months after the date of our appointment.

### *Ending the Administration*

If a Scheme of Arrangement (as described above in the section ‘Our strategy and actions to date’) is approved and sanctioned by the Court, following its subsequent completion and termination, we’ll end the Administration by filing a notice with the Registrar of Companies and the Company will be dissolved three months later.

If a Scheme of Arrangement is not approved or not sanctioned by the Court, subject to further consideration, the Administration may be ended in order to move the Company into Liquidation. If the Company goes into Creditors’ Voluntary Liquidation, we propose that Dan Yoram Schwarzmann and Douglas Nigel Rackham are appointed as Liquidators (or, if replacement Administrators are appointed, any person(s) appointed as Administrator(s) at the time of the registration of notice of moving from Administration to Creditors’ Voluntary Liquidation per paragraph 83(4) Sch B1 IA 1986) and that any act required or authorised to be done by the Liquidators can be done by either or both of them. Creditors may, before these proposals are approved, nominate a different person or persons as Liquidator(s), in accordance with paragraph 83 (7)(a) Sch B1 IA 1986 and rule 3.60 (6) IR16.

At this stage, we have no intention of recommending the Company be moved into Liquidation and reiterate that our preferred strategy for the Company is to pursue a Scheme of Arrangement.

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## ***Statement of Affairs***

The directors provided a Statement of Affairs of the Company on 12 July 2019. It was signed by Andrew Gregory.

A copy of the Statement of Affairs is attached at Appendix C. As required by law, it includes details of the names, addresses and debts of creditors (including details of any security held), other than, if applicable, employees and former employees of the Company.

With regard to the contents of the Statement of Affairs, the Administrators make the following comments:

- As is normal in a Statement of Affairs, there is no provision for the costs of realising the Company's assets or the costs of the Administration.
- We haven't audited the information.
- The Statement of Affairs lists the unsecured non preferential claims value as £39,176,454. This is an uncertain value. The Company's reserves comprise primarily of estimates of asbestos and environmental claims exposures. These liabilities are subject to a high level of uncertainty and it is not unusual for estimates of such liabilities to change materially as a result of subsequent information and events which may result in significant adjustments to the amounts provided.
- The Statement of Affairs contains a full list of existing creditors but as described above due to the nature of the liabilities, quantifying the final values of creditors' claims is a difficult process, so forecast claim values are not presented within the Statement of Affairs.
- The Statement of Affairs notes that a number of creditors hold security against their debts in the form of Letters of Credit. These Letters of Credit were issued by Citibank, N.A. on behalf of the Company in favour of certain creditors and are secured by registered charges over cash collateral held by them as custodian. The legal structure and enforceability of this security is currently being investigated. The Administrators are also aware of a Trust Fund held by Citibank, N.A. and this is also under investigation.
- The Statement of Affairs does not list the unsecured claims of employees.



## ***Statutory and other information***

**Court details for the Administration:**

In the High Court of Justice  
Business and Property Courts of England and Wales  
Insolvency & Companies List (ChD)  
Case 3882 of 2019

**Full and Trading name:**

Stronghold Insurance Company Limited

**Registered number:**

00736581

**Registered address:**

46 Rose Lane, Norwich, NR1 1PN

**Company directors:**

Andrew Gregory, Henry Sopher, Ann Duffy, Ken  
Watkins, John Massey

**Company secretaries:**

Andrew Gregory, Ann Duffy

**Shareholdings held by the directors and  
secretary:**

Stronghold Holdings Limited is 100% shareholder of  
Stronghold Insurance Company Limited.

The following people have shareholdings in  
Stronghold Holdings Limited:

Henry Sopher – 40%

Ann Duffy – 40%

Ken Watkins – 20%

**Date of the Administration appointment:**

27 June 2019

**Administrators’ names and addresses:**

Douglas Nigel Rackham and Dan Yoram  
Schwarzmann, both of PwC LLP, 7 More London,  
London, SE1 2RT.

**Appointer’s/applicant’s name and address:**

The Directors of the Company c/o 46 Rose Lane,  
Norwich, NR1 1PN

**Website**

<https://www.pwc.co.uk/services/business-recovery/Administrations/stronghold.html>

**Objective being pursued by the  
Administrators:**

Objective (b) achieving 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).

**Division of the Administrators’  
responsibilities:**

During the period for which the Administration order  
is in force, the affairs, business and property of the  
Company are to be managed by the Administrators.  
For the purposes of paragraph 100(2) to Sch B1 IA86,  
the Administrators may exercise any of the powers  
conferred on them jointly or individually.

**Regulation (EU) 2015/848 of the European  
Parliament and of the Council of 20 May 2015  
on Insolvency Proceedings (recast) :**

The EU regulation does not apply to insurance  
undertakings and hence does not apply to this  
Administration.

## Receipts and payments account

### Stronghold Insurance Company Limited (in Administration)

	Statement of Affairs GBP	From 27/06/2019 to 07/08/2019 GBP	From 27/06/2019 to 07/08/2019 USD
<b>RECEIPTS</b>			
Freehold land & property	580,000.00	-	-
Cash in hand (note 1)	26,396,375.00	1,472,708.05	31,093,553.44
Other financial investments	4,191,489.00	4,039,361.00	-
Deposits with ceding undertakings	487,786.00	-	-
Reinsurers’ share of technical provisions	100,000.00	-	-
Reinsurance debtors	1,006,304.00	-	11,313.53
Other debtors	22,853.00	-	-
Accrued interest and rent	87,470.00	-	-
Bank interest gross	-	663.51	-
	<u>32,872,277.00</u>	<u>5,512,732.56</u>	<u>31,104,866.97</u>
<b>PAYMENTS</b>			
Direct labour		42,313.91	-
Sub contractors		31,688.58	-
Rates		2,445.00	-
Repairs & maintenance		300.00	-
Office costs, stationery & postage		908.21	-
Statutory advertising		77.00	-
Finance / Bank interest & charges		-	22.30
VAT paid (note 2)		6,497.96	-
		<u>84,230.66</u>	<u>22.30</u>
Net Receipts/(Payments)		<u>5,428,501.90</u>	<u>31,104,844.67</u>
<b>MADE UP AS FOLLOWS</b>			
Barclays Bank Plc current account		138,310.28	119,320.59
Barclays Bank Plc reserve account		1,250,830.62	-
Goldman Sachs investment account		4,039,361.00	27,623,121.00
Citibank N.A. Trust Fund and Letters of Credit		-	3,362,403.08
		<u>5,428,501.90</u>	<u>31,104,844.67</u>

#### Notes

Note 1 - The USD cash in hand balance includes monies relating to the Trust Fund and Letters of Credit issued by Citibank N.A. on behalf of the Company. The Statement of Affairs cash in hand balance also includes these monies, albeit translated to GBP.

Note 2 - VAT paid is included within payments. All other receipts and payments are presented exclusive of VAT. The VAT position of the Company is under review. Some or all VAT may be recoverable.

Note 3 - At the date of Administration, the Company owned assets denominated in both GBP and USD. Whilst the Statement of Affairs is presented in GBP, we show in our receipts and payments account above the receipts and payments between the date of Administration and 7 August 2019 in both currencies. In a Liquidation, there is a statutory requirement for all non GBP denominated claims to be converted to GBP, however the Company is in Administration and this requirement is not imposed in Administration. It is the Administrators’ intention to settle claims in the functional currency of each contract. Since the majority of creditors have claims denominated in USD, the Administrators have decided to retain a large USD position so that creditors with claims denominated in USD do not bear the foreign exchange risk of conversion to GBP.

## Appendix A: Pre-Administration costs

The table below provides details of costs which were incurred before our appointment as Administrators but with a view to the Company entering Administration. Details of the work done and expenses incurred follow.

	Details of agreement including date and parties to it	Paid amount (£)	Unpaid amount (£)	Nature of the payment
Our fees as Administrators-in-waiting	No formal agreement	None	£93,411 plus VAT	See below
Legal fees and expenses incurred by the Company pre-administration, subject to VAT	No formal agreement	None	£114,495 plus VAT	Legal fees and expenses - Clifford Chance LLP and Counsel
Legal expenses incurred by the Company pre-administration, not subject to VAT			£378 not subject to VAT	
<b>Total</b>			<b>£207,906 plus VAT; and £378 not subject to VAT</b>	

### Details of the pre-Administration work undertaken by the Administrators-in-waiting

The table below categorises and provides some further details of the work performed. Please refer to the ‘Pre-Administration costs’ section of these proposals on page 7.

Classification of work function	Partner (£)	Director (£)	Senior Manager (£)	Manager (£)	Senior Associate (£)	Associate (£)	Total hours	Time cost £	Average hourly rate £	Comments on work performed
Assets	-	-	1,695	850	138	133	6.50	2,816	433	Taking initial steps to prepare for securing the cash and investments of the Company immediately post appointment.
Case specific matters	-	30,225	14,042	1,275	-	-	67.05	45,542	679	Detailed discussions with the Company and the PRA/FCA in particular in relation to: - the Company’s updated draft accounts following various proposed auditor adjustments and information arising from discussions with creditors; and - the potential alternative insolvency mechanisms including detailed analysis of their relative merits, costs, timescales and relevant market research and precedents.
Employees	-	-	1,121	850	-	-	3.90	1,971	505	Initial discussions with our Employee Support Group in relation to Company staff and associated communications.
Statutory and compliance	-	-	118	-	221	-	1.00	339	339	Undertaking necessary planning to ensure we were prepared to comply with all statutory duties post appointment. Formulating and preparing detailed plans and actions in relation to all anticipated day one and week one matters.
Strategy, planning and team management	3,560	3,354	17,929	12,157	1,621	3,791	88.65	42,412	478	Preparing appropriate communication plans and content for stakeholders that could be delivered as soon as possible after appointment. Identifying, briefing and mobilising a suitable team of professionals to be ready upon appointment.
Tax and VAT	-	-	-	-	-	331	1.25	331	265	Liaising with PwC Tax/VAT teams regarding day 1 information requirements
<b>Total</b>								<b>93,411</b>		

## *Details of the pre-Administration work undertaken by the legal advisers*

The pre-appointment legal fees and expenses were incurred through work undertaken by Clifford Chance LLP with respect to the planning of, and application for, the Administration of the Company including:

- (a) The preparation of the application notice, Witness Statement, Court order and other documents for the Court in support of the application.
- (b) Liaising with the PRA and FCA in respect of the Administration application.
- (c) Liaising with Counsel, Adam Goodison, in respect of the Administration application.
- (d) Serving copies of the relevant documents on the Court and other interested parties and preparing witness statements and other documents confirming such service.
- (e) Considering Counsel's skeleton argument and commenting on the same.
- (f) Attending the Court hearing of the application for Administration.
- (g) Arranging for sealing of the Administration Court order and distribution of the same to interested parties.
- (h) Initial considerations regarding a Chapter 15 application in respect of the Administration application.

The total number of hours worked by Clifford Chance LLP pre-Administration was 145 hours at an average hourly rate of £630.

Counsel's fees totalled £22,385, plus VAT.

## ***Appendix B: Creditors' committee guidance***

See below R3's Liquidation/Creditor's Committees and Commissioners: A Guide for Creditors document.



## Liquidation/Creditors' Committees and Commissioners

# A Guide for Creditors

The Guide is intended to provide you with:

- > an understanding of the role of the Committee in insolvency proceedings;
- > information on how Committees are formed; and
- > guidance on what might be expected of you should you choose to serve as a member of a Committee

to enable you to make an informed decision as to whether you wish to either seek to form a Committee or to nominate yourself to serve on a Committee.

The Guide provides only an overview. Detailed provisions regarding the membership, formation, functions and procedural operation of a Committee are set out in legislation.

## Introduction

Most of us will be familiar with the term “committee” which is used to define a group of people appointed for a specific function by a larger group and typically consisting of members of that group.

In the context of an insolvency procedure, the office holder may invite creditors to form a committee either to assist generally in discharging his or her functions as an office holder or, more commonly, for a specific purpose, such as where litigation or investigation is anticipated. Such committees may be called “liquidation committee” or “creditors’ committee”, depending on the type of insolvency process, or, in sequestration in Scotland, “Commissioners”. For purposes of this guidance note we will use the term “Committee”.

## Role of the Committee in Insolvency Proceedings

The primary purpose of a Committee is to assist the office holder in fulfilling his or her duties. This could involve helping them to make key decisions, for example to take legal action to recover assets, to represent the interests of the main body of unsecured creditors, or to provide the office holder with the benefit of specialist knowledge either about the company or the industry in which the company operates. The office holder should always take into account the views of the Committee but is not obliged to follow their wishes. The Committee cannot direct an office holder in relation to the conduct of the insolvency proceeding.

In any insolvency process there are a number of decisions that creditors may be asked to make, including how the office holder is to be paid out of the assets of the insolvent estate. Where there are large numbers of creditors or creditors are geographically remote, having a Committee would enable the office holder to seek approval from the Committee which is often a quicker and cheaper process than seeking a decision from the entire body of creditors.



## How are Committees formed?

For a Committee to come into being, generally, there must be a minimum of three unsecured creditors who are willing to act. The maximum number of creditors who may sit on the Committee at any one time is five, so if more than five unsecured creditors express an interest in being on the Committee there must be a vote. This vote will be managed by the office holder, and other unsecured creditors will be given the opportunity of deciding which of the interested creditors get to form the Committee. You have to agree in writing to sit on the Committee so you will never be voted onto a Committee without your knowledge or agreement.

For sequestrations in Scotland, only a single unsecured creditor willing to act is required.

## Who can sit on the Committee?

Any creditor of the insolvent company/individual with a debt at least part of which is unsecured may be put forward to sit on the Committee. If they cease to be an unsecured creditor for any reason they will automatically cease to be a member of the Committee.

You do not need to have any special qualifications or previous experience as a Committee member.

Where the creditor is a company, i.e. not a real person, it must be represented by an individual who will be given a letter of authority, by the company, enabling them to act on the company's behalf.

A member of the Committee may be represented by another person if they hold a letter of authority to act.

## Exceptions

You cannot be on the Committee as a creditor in your own right and act for another creditor at the same time.

You cannot be represented by a body corporate, an undischarged bankrupt, a person whose estate has been sequestrated and who has not been discharged, a person to whom a moratorium period under a debt relief order applies, a disqualified director, a person subject to a bankruptcy restriction order or undertaking or a debt relief restrictions order or undertaking.

## What will I have to do as a Committee member?

Business of the Committee is conducted through meetings (physical or by way of conference call or other remote attendance). Decisions may also be made by written correspondence and resolutions. For the purposes of this Guide, reference to meetings include all such forms.

The frequency of meetings and reporting by the office holder to the Committee will generally be agreed between the office holder and members at the first meeting of the Committee. The first meeting of the Committee must be held within six weeks of its formation – as indicated it is not uncommon for meetings to be held by conference call.

At the meetings the office holder will update the Committee on relevant matters and may seek guidance or formal approval for specific courses of action. In particular you will be asked to approve the basis of calculation of the remuneration of the office holder.

As a Committee member you would also be able to request additional information from the office holder, who will be required to provide the information unless the request is deemed to be unreasonable, frivolous or excessively costly to provide.

You should try and attend all meetings as if you fail to attend three consecutive meetings you will automatically cease to be a member (though the remaining members can decide to allow you to remain as a member). An office holder will only call a meeting when they think there is something important which requires the Committee's input. If you are unable to attend a meeting you could appoint someone to attend on your behalf.

A Committee may also be required to consider other matters appropriate to the insolvency proceeding. This may include matters in connection with the resignation of the office holder and any vacancy in office, or consideration of whether legal costs should be assessed by the court.

## Can I cease to be a member of the Committee?

You can resign as a member at any time by giving the office holder written notice.

## Will I get paid?

Committee members are not paid for their time acting on the Committee, this is a voluntary role. You will however be entitled to reclaim reasonable travelling expenses incurred in attending Committee meetings.

## Why should I agree to be on a Committee?

As a Committee member you will be in a privileged position, assisting the office holder in his duties and being involved at each stage in the insolvency process. Serving on a Committee will give you the opportunity to have a positive impact on the insolvency process, assisting the office holder to maximise returns to creditors, providing essential information and knowledge which could assist in tracing company assets which have been misappropriated or identify conduct by the directors that could ultimately lead to their disqualification by the Insolvency Service.

It is important to consider that acting on the Committee is a responsible role and you would be required to act ethically and in good faith in all of your Committee dealings. You would be expected to avoid any situations where a conflict of interest might arise. You would also be unable to obtain any of the company or individual's assets without the prior agreement of the Committee.

## Does a Committee always have to be appointed?

There is no requirement for there to be a Committee in every insolvency process. There may be insufficient creditors willing to form a Committee or in a straightforward insolvency process there may be no need for a Committee.



Liquidation/Creditors'  
Committees and  
Commissioners

# A Guide for Creditors

This booklet has been produced by R3, the Association of Business Recovery Professionals, in conjunction with the Recognised Professional Bodies ("RPBs"). R3 is the leading professional association representing insolvency practitioners and professionals within the insolvency, restructuring and turnaround profession in the UK.

If you would like to find out more about the work of R3 or its members, please visit the R3 website at [www.r3.org.uk](http://www.r3.org.uk).

The Insolvency Service also produces a number of useful guides about personal and corporate insolvency procedures and directors' duties which can be accessed at: [www.gov.uk/guidance/guidance-on-personal-debt-relief-options-company-liquidation-investigation-and-enforcement](http://www.gov.uk/guidance/guidance-on-personal-debt-relief-options-company-liquidation-investigation-and-enforcement)

This leaflet is not intended to be a statement of law or a substitute for specific professional or legal advice. We have made every effort to ensure that the guide is accurate but R3 cannot accept any responsibility for the consequences of any action taken in reliance of its contents.

February 2017

## ***Appendix C: Copy of the Statement of Affairs***

A copy of the directors' Statement of Affairs is provided below. Our comments on the Statement of Affairs are shown in the 'Statement of Affairs' section of these proposals on page 13.

## Statement of affairs

**Name of company**  
Stronghold Insurance Limited  
**Registered office address**  
46 Rose Lane  
Norwich  
NR1 1PN

**Company number**  
  
00736581

**In the**  
High Court of Justice  
Business and property Courts of England  
and Wales

**Court case number**  
CR -2019-003882

The particulars and other information shown in this statement of affairs and any continuation sheets give a full and complete statement of the company's affairs as at

**Date**

Insert date the company entered into administration

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## Statement of truth

I believe that the facts in this statement of affairs are true.

Full name: Andrew James Gregory

Signed



Dated: 12 July 2019

## A – Summary of assets

	Book value £	Estimated realisable value £
Assets subject to fixed charge:		
Assets subject to floating charge:		
Uncharged assets:		
<b>Tangible fixed assets</b>		
Land and buildings	580,000	580,000
<b>Investments</b>		
Other financial investments	4,191,489	4,191,489
Deposits with ceding undertakings	487,786	487,786
<b>Reinsurers' share of technical provisions</b>		
Claims outstanding	1,156,816	100,000
<b>Debtors</b>		
Debtors arising out of reinsurance operation	1,006,304	1,006,304
Other debtors	22,853	22,853
<b>Other assets</b>		
Cash at bank and in hand	26,396,375	26,396,375
<b>Prepayments and accrued income</b>		
Accrued interest and rent	87,470	87,470
Estimated total assets available for preferential creditors	33,929,093	32,872,277

Signature Andy Pinyan Date 12 July 2019.



## B – Summary of liabilities

		Estimated realisable value £
<b>Estimated total assets available for preferential creditors (carried from page A)</b>		32,872,277
Preferential creditors:	Estimated to rank	
	£	
<b>Estimated deficiency / surplus as regards preferential creditors</b>	£	32,872,277
Estimated prescribed part where applicable (to carry forward)	£	
<b>Estimated total assets available for floating charges</b>	£	32,872,277
Debts secured by floating charges	£	
<b>Estimated deficiency / surplus after floating charges</b>	£	32,872,277
Estimated prescribed part of net property where applicable (brought down)	£	
<b>Total assets available to unsecured creditors</b>	£	32,872,277
Unsecured non preferential claims (excluding any shortfall to floating charge holders)	£ 39,176,454	
<b>Estimated deficiency / surplus as regards non preferential creditors (excluding any shortfall to floating charge holders)</b>	£	(6,304,177)
Shortfall to floating charge holders (brought down)	£	
<b>Estimated deficiency / surplus as regards creditors</b>	£	(6,304,177)
Issued and called up share capital	£ 27,000,000	
<b>Estimated total deficiency / surplus as regards members</b>	£	(33,304,177)

Signature Andy Sperry Date 12 July 2019.





**B - Company Creditors**

Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Groupie Josi	Jef Van In, AXA Belgium S/A NV, Boulevard du Souverain 25, Brussels, 1170 Belgium	157,243.66	Loss Reserve	Not known	202,478.30
Royal Insurance Company of America	Andre Lefebvre / Bob Bratti, Arrowpoint Capital, 3600 Arco Corp Dr., Charlotte, North Carolina 28271, USA	90,901.17	Letter of Credit	Not known	54,749.92
Norwich Union Fire Insurance Society	Aviva plc, St Helens, 1 Understaff, London, EC3P 3DQ	18,492.56	Loss Reserve	Not known	10,712.39
Mutuelle Assurance Artisanale de France	Laurent Lavetx, Covea Group, Chauray 79036 Nort, France	17,212.85	Loss Reserve	Not known	31,804.54
Continental National American	Sherri Ruyppel, C.N.A., 333 S Wabash, 42nd Floor, Chicago, IL 60604, USA	12,946.71	Letter of Credit	Not known	3,835.57
Groupie des Assurances Nationales	Groupama Group, 8-10 rue d'Astorg - 75383, Paris Cedex 08, France	11,943.82	Loss Reserve	Not known	17,846.48
North Star Reinsurance Corporation	Kara Rajguel, General Reinsurance Corporation 120 Long Ridge Road, Stamford CT 06902, USA	126,253.10	Letter of Credit	Not known	781,415.56
SCOR Deutschland Ruck	Dennis Kessler, SCOR Global P&C Deutschland Niederlassung, GoebensstraBe 1, 50672 Cologne, Germany	3,863.02	Loss Reserve	Not known	76,001.36
Bland Payne Aviation Prop. Treaty	AXA UK Plc / AXA Insurance, 5 Old Broad Street, London, EC2N 1AD	2,818.57			0.00
Groupie Via Assurances	AGF - Assurances Generales de France CASH (SNC), 87 rue de Richelieu, Cedex 02, Paris, 75113, France	1,576.80	Loss Reserve	Not known	1,437.96
R&Q Reinsurance Company (UK) LTD	Darren Bateman, Chubb, 100 Leadenhall, London, EC3A 3BP	1,348.98			0.00
General Reinsurance Corporation	Kara Rajguel, General Reinsurance Corporation 120 Long Ridge Road, Stamford CT 06902, USA	16,725.40	Letter of Credit	Not known	225,983.31
ACE European Group Ltd	Darren Bateman, Chubb, 100 Leadenhall, London, EC3A 3BP	1,089.68			0.00
Suecia Re & Marine Insurance Company Ltd	David Atkins, Enstar, 88 Leadenhall Street, London, EC3A 3BP	38,879.54			0.00
Pacific Employers Insurance Company	John Lupica, Chubb, 436 Walnut Street, Philadelphia, PA 19106, USA	692.37			0.00
Alliance Assurance Co Ltd	RSA United Kingdom, St Mark's Court, Chart Way, Horsham, West Sussex, RH12 1XL	494.42			0.00
Safeco Insurance Company of America	175 Berkeley Street, Boston, MA 02116, USA	771.95	Letter of Credit	Not known	2,625.63
L'Equilable Compagnie D'Assurances Generales	Houston General Insurance, 10497 Town & country Way, Suite 700, Houston, TX 77024, USA	1,165.25	Letter of Credit	Not known	1,150.99
La Suisse Assurances (France) S.A.	Swiss Life France, 7 Rue Belgrand - 92300 Levallois - Perret, France	72.34	Loss Reserve	Not known	11,045.49
Truck Insurance Exchange of California	Cindi Monteone, Farmers Insurance, 11051 Agoura Road, Westlake Village, CA 91361, USA	71,243.15			9,911.24
Groupie Victoire	Aviva, 80 Avenue de L'Europe, 92270 Boiss-Colombes, France	14.22	Loss Reserve	Not known	648.43
United Technologies Corp	Gregory J Hayes, United Technologies Corp, 10 Farm Springs Road, Farmington, CT 06032, USA	1,694.25			0.00
Viad Corp Dial	Steve W Mosier, Viad Corp, 1850 N. Central Avenue, Suite 1900, Phoenix, Arizona, 85004-4555, USA	396.60			0.00
AMPCo Pittsburgh Corporation	John S Slanik - CEO, AMPCo Pittsburgh Corp 726 Bell Avenue, Suite 301, Carnegie, Pennsylvania, 15106, USA	50,936.96			0.00
Kaiser Cement	Dr. Bernd Scheifele, Heidelberg Cement AG, Berliner StraBe 6, 69120 Heidelberg, Germany	109,317.23			0.00
Minz Levin (CU/Olin Fees)	Marc L. Abrahms, Minz Levin, Chrysler Center, 666 Third Avenue, New York, NY 10017, USA	6,490.39			0.00
Dana Corp	David Atkins, Enstar, 88 Leadenhall Street, London, EC3A 3BP	61,446.37			0.00
Chyle & Co (Diocese of Winona Fees)	Catalina J. Suigayan, Chyle & Co, 55 West Monroe St, Suite 3000, Chicago, IL 60610, USA	44.63			0.00
General Dynamics	John Le Boutillier, Mazarin Incorporated, 696 Montfette Street East, Theford Mines, Quebec, G6G 7C9, Canada	8,386.80			0.00
Foran Glennon	Michael Foran, 222 N. LaSalle, Suite 1400, Chicago, Illinois 60601, USA	39,633.17			0.00
Mendes & Mount	Heather Calvano, 750 Seventh Avenue, New York, NY 10019, USA	108,282.55			0.00
Phelps Dunbar	Katherine Karam, Phelps Dunbar LLP, 365 Canal Street Suite 2000, New Orleans, Louisiana 70110-6534, USA	2,790.60			0.00
Lewis Beach	Mark J. Leimkuhler, Lewis, Beach, Kaufmann Middlemiss PLLC, 1101 New York Avenue, NW Suite 1000, Washington DC 20005, USA	16,707.46			0.00
Duane Morris	Phil Matthews, Duane Morris LLP, Spear Tower, One Market Plaza, Suite 2200, San Francisco, CA 94104-1127, USA	19,339.14			0.00
Locke Lord Bissell & Liddell	Christopher R. Barth, Locke Lord LLP, 111 South Wacker Drive, Suite 4100, Chicago, IL 60606, USA	348.27			0.00
Hinkhouse Williams Walsh	Laura S. McKay, Hinkhouse Williams Walsh LLP, 180 N. Stetson Avenue, Suite 3400, Chicago, IL 60601, USA	22,538.65			0.00

Signature *Andy Smyth* Date 12 July 2019.

**B - Company Creditors**

Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Forsberg & Umlauf	Carl E. Forsberg, Forsberg & Umlauf P.S., 901 Fifth Avenue, Suite 1400, Seattle, WA 98164, USA	9,576.49			0.00
Nicolaides Fink Thorpe	Sara M. Thorpe, Nicolaides Fink Thorpe Micaelides Thorpe Sullivan LLP, 101 Montgomery Suite 2300, San Francisco, CA 94104, USA	-12,773.13			0.00
Tressler LLP	Tim Jabbour, Tressler LLP, 744 Broad Street Suite 1510, Newark, NJ 07102, USA	353.82			0.00
ICSOP	Alexander Ross Baugh, 175 Water Street, 18th Floor, New York, NY 10038, USA	72,834.94	Letter of Credit	Not known	0.00
Century	John Lupica, Chubb, 436 Walnut Street, Philadelphia, PA 19106, USA	1,791.18	Letter of Credit	Not known	2,136.15
Gerling global	Global Reinsurance Branch, 125 Broad Street, 5th Floor, New York, NY 1004, USA	54,730.43			18,126.81
QBE	Andy Taylor, QBE Insurance (Australia) Ltd, Level 8, 2 Park Street, Sydney, GPO Box 82, Sydney NSW, Australia	35,981.49			0.00
American Star	Progressive Corporation, 6300 Wilson Mills Road, Mayfield Village, Ohio 44133, USA	5,319.31			0.00
American Home	Alexander Ross Baugh, 175 Water Street, 18th Floor, New York, NY 10038, USA	60,781.19	Letter of Credit	Not known	148,425.72
Cigna/Aetna	ACE International, Global Treaty Department, 510 Walnut St., WB06W, PO Box 1000, Philadelphia, PA 19106, USA	43,827.08	Letter of Credit	Not known	26,083.76
Lexington	Alexander Ross Baugh, 175 Water Street, 18th Floor, New York, NY 10038, USA	35,149.61	Letter of Credit	Not known	31,337.45
Maryland Casualty	Ms Kathleen Anne Sevo, Zurich American Insurance Company, Tower 2, 1299 Zurich Way, Floor 5, Schaumburg, IL 60196-1056, USA	21,308.85	Letter of Credit	Not known	97,957.81
Traders	AVIVA CANADA, 2206 Eglinton Avenue East, Scarborough, Ontario, M1L 4S8, Canada	3,969.29			0.00
Zenith National	Steven Laroque, Resolute Management Inc, 79 W Monroe St., Chicago, IL 60663, USA	7,978.21			0.00
Continental Ins	Steven Laroque, Resolute Management Inc, 79 W Monroe St., Chicago, IL 60663, USA	4,610.90			0.00
National Casualty	Neil Langley, Hampden Plc, 40 Gracechurch Street, London, EC3V 0BT	155,014.26			0.00
American Union	Dave Hudson, Resolute Management Inc, 100 Liberty Way, Dover, New Hampshire 03820, USA	266.97			0.00
CU	Graham Loxley, Armour Risk Management Ltd, 20 Broad Street, London, EC2N 1DP	12,114.18			0.00
Whittaker Corp	Eric G. Lardiere, Meggit Control Systems, 1785 Voyager Avenue, Simmi Valley, CA 91063-3343, USA	3,406.24			0.00
B F Goodrich	Gregory J Hayes, United Technologies Corp, 10 Farm Springs Road, Farmington, CT 06032, USA	5,574.81			0.00
Transamerica Corp	Lynne Puckel, Colfax Corporation, 420 National Business Parkway, 5th Floor, Annapolis Junction, Maryland 20701, USA	5,389.83			0.00
U S Steel	David B Burnett, United States Steel Corporation, Corporate Headquarters, 600 Grant Street, Pittsburgh, PA 15219, USA	21,012.02			0.00
Broker Hill Co Pty	Andrew Mackenzie, BHP Billiton Limited, 171 Collins Street, Melbourne, Victoria 3000, Australia	-562.44			0.00
Cities Services	Vicki Hollub - President & CEO, Occidental Petroleum Corporation, 5 Greenway Plaza, Houston, Texas 77046-0521, USA	1,123.14			0.00
W R Grace	WRG Asbestos PI Trust, PO Box 1390, Wilmington, Delaware 19899-1390, USA	159,687.22			0.00

*Andy Spurgeon*

Date 12 July 2019.

Signature

## B – Company Creditors

Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Veolia	Veolia House, 8 <sup>th</sup> Floor, 210 Pentonville Road, London N1 9JY	64.76			
Vodafone	Vodafone House, The Connection, Newbury, Berkshire RG14 2FN	407.46			
Financial Conduct Authority	12 Endeavour Square, London E20 1JN	250.00			
London Market Claims Service	The Minster Building, 21 Mincing Lane, London EC3R 7AG	9,870.50			
Larking Gowen LLP	King Street House, 15 Upper King Street, Norwich NR3 1RB	92.40			
Requiem Limited	Freebournes Road, Witham, Essex CM8 3UN	4,575.08 (\$5,805.78)			
EDF Energy	Payment Processing, PO Box 140, Plymouth PL3 5RG	736.83			
Barclaycard Commercial	PO Box 4000, Saffron Road, Wigston LE18 9EN	884.08			
Ernst & Young LLP	25 Churchill Place, Canary Wharf, London E14 5EY	82,886.00 (estimate)			
Bev Nixon	34 Thor Close, Norwich NR7 0JT	120.00			
Five Star Taxis Limited	43a Prince of Wales Road, Norwich NR1 1BL	69.00			
		99,956.11			

Signature Andy Sperry Date 12 July 2019

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## ***Appendix D: Decision notice***

### ***Notice to creditors seeking decisions by correspondence***

**Company Name: Stronghold Insurance Company Limited**

**Company Number: 00736581**

**In the High Court of Justice, Business and Property Courts of England and Wales Insolvency and Companies List (ChD)**

**Court case number: CR-2019-003882**

We Dan Yoram Schwarzmann and Douglas Nigel Rackham of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT, Administrators of the company give notice to creditors that we are seeking decisions by correspondence on the following resolutions:

THAT the Administrators’ proposals dated 9 August 2019 be approved;

AND as to whether a creditors’ committee should be established if sufficient creditors are willing to be members. Information on the formation, rights, duties and functions of a committee can be found at the following website address:

<https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>

We are also inviting creditors to make nominations for membership of the creditors’ committee, if one is established.

We therefore invite you to vote on the above. To submit your vote please indicate below whether you are voting for or against the resolution and whether or not you want a committee to be established and return this notice to us by post at the address below, to be received by us by 23.59 hrs on 4 September 2019 (the decision date).

In order to be entitled to vote we must receive from you by 23.59 hrs on the decision date, a proof in respect of your claim in accordance with the Insolvency (England and Wales) Rules 2016 (IR16), failing which your vote will be disregarded. A proof of debt form which you can use is available at

<https://www.pwc.co.uk/services/business-recovery/administrations/stronghold.html>

If your debt is treated as a small debt in accordance with rule 14.31(1) IR16 (creditors with claims of £1,000 or less), you must still deliver a proof to us by 23.59 hrs on the decision date if you wish to vote.

If you have opted out from receiving notices you may nevertheless vote if you provide a proof as set out above.

Creditors who meet one of the thresholds in section 246ZE of the Insolvency Act 1986 may, within five business days from the date of delivery of this notice, require a physical meeting to be held to consider the matter(s) set out above. The relevant thresholds are 10% in value of creditors, 10% in number of creditors, or 10 creditors.

If you wish to nominate any creditor(s) to be members of a creditors’ committee if creditors decide that a committee should be established, please deliver your nomination to us by 4 September 2019. A nomination can only be accepted if we are satisfied as to the creditor’s eligibility under rule 17.4 IR16.

A creditor may appeal a decision in accordance with rule 15.35 IR16 by applying to court not later than 21 days after the decision date.

Signed  \_\_\_\_\_

Joint Administrator

Dated 09/08/2019 \_\_\_\_\_

Administrators’ postal address: PricewaterhouseCoopers LLP, 8<sup>th</sup> Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

Administrators’ contact telephone number: 0113 289 4000

**In the High Court of Justice, Business and Property Courts of England and Wales Insolvency and Companies List (ChD)**

**Court case number: CR-2019-003882**

**To be completed by creditor and returned to the postal address above if you wish to vote**

I/We \_\_\_\_\_

Company number (if creditor is a company) \_\_\_\_\_

of \_\_\_\_\_

\_\_\_\_\_

vote as follows:

	<b>Delete as applicable *</b>
<b>Resolution (1)</b> THAT the administrators’ proposals dated 9 August 2019 be approved	<b>* for / against</b>
<b>Decision whether a creditors’ committee should be established</b>	
I/we want a creditors’ committee to be established if sufficient creditors are willing to be members.*	
<b>OR</b>	
I/we do not want a creditors’ committee to be established. *	
<b>*Delete as applicable</b>	
<b>Committee member:</b> I/we nominate [creditor to insert name of creditor*] _____ to be a member of the committee if one is established.	



\*If you wish to nominate a creditor to be a member of a committee if one is established, please insert here the name of that creditor. A creditor can nominate themselves or another creditor. If the creditor is a company you must insert the company’s name.

**Committee member’s consent to act and representative:**

I/we consent to act as a member of the committee and authorise [insert representative’s name here\*]  
\_\_\_\_\_ to represent me/us on the committee with

authority to act generally.

\* A creditor which is a company or other body corporate must be represented by an individual. A creditor who is an individual can be represented by another individual but does not need to be. If you don’t insert the name of a representative, the nominated creditor can still be represented on any committee, but may need to provide a letter of authority to the representative before they can act. A representative may be authorised to act either generally or specifically. If you wish to authorise your representative to act specifically, please amend the authority above and state in what respect they are authorised to act.

I/we enclose my/our proof of debt (if not previously submitted).

Signature of creditor or person authorised to act on behalf of the creditor:

\_\_\_\_\_

Name in block capitals:

\_\_\_\_\_

Position with or relation to the creditor (e.g. director, company secretary, solicitor):

\_\_\_\_\_

Date: \_\_\_\_\_

## ***Appendix E: Common questions and answers about the decisions we are seeking, including the approval of the Administrators’ proposals***

We are seeking approval of the Administrators’ proposals and approval of the formation of a creditors’ committee by correspondence.

The notices requesting decisions by correspondence are attached to the proposals and contain information relating to the decisions being sought and how creditors can vote in respect of correspondence.

We have answered some of the common questions which arise in respect of decisions by correspondence below.

### ***What is a decision by correspondence?***

A decision by correspondence is one in which the creditors vote on decisions and/or resolutions in writing.

In this case we are seeking a decision that the Administrators’ proposals be approved and whether a creditors’ committee should be formed.

Details of how creditors can vote on the decisions being requested are included in the decision notice attached to the proposals.

Creditors who (by themselves or with others) meet one of the relevant thresholds can request that the decisions be made at a physical meeting instead of by correspondence (see below).

### ***Do I have to vote on a decision being sought by correspondence?***

You don’t have to vote, and if you don’t want to, you don’t need to take any further action unless you wish to nominate a member of the committee should one be formed.

### ***How do I ensure that my vote counts?***

For it to be counted, a creditor’s vote must be received by us by 11.59pm on the decision date specified in the decision notice and must be accompanied by a proof of debt in respect of the creditor’s claim (rule 15.9(1)(b) IR16) unless the proof of debt has already been provided to the Administrators. We have provided you with a form which you can use for this purpose. (Please see the decision notice for more information about submitting your proof of debt).

If any vote is received without a proof of debt, or we decide that the creditor isn’t entitled to vote, that creditor’s vote shall be disregarded (rule 15.9(2) IR16).

### ***How do I request a physical meeting?***

Creditors who meet one of the thresholds in section 246ZE IA86 may, within five business days from the date of delivery of the decision notice attached to the proposals, require a physical meeting to be held to consider the decisions detailed in those notices. The relevant thresholds are 10% in value of creditors, 10% in number of creditors or 10 creditors.

If one of the above thresholds for requiring a physical meeting is met we will issue a further notice calling a physical meeting and the original decisions by correspondence as detailed in our notices attached to the proposals will be superseded.

Details of how to attend and vote at any physical meeting called will be provided in the notice of that meeting.

### *Who decides whether my claim ranks for voting purposes?*

The Administrators have the power to accept or reject the whole or any part of your claim for the purpose of voting and/or requesting a physical meeting (rule 15.33(2) IR16). If there’s any doubt whether your claim should be admitted, we’ll mark it as objected to and allow you to vote. If however, the objection is sustained, then your vote will be declared invalid (rule 15.33(3) IR16). If your vote was critical to the outcome, this could change the decisions/resolutions that were passed and/or result in a further decision being required (rule 15.35(3) IR16).

### *What happens if I disagree with the Administrators’ decision on my claim?*

You’re entitled to appeal to the court for an order reversing the Administrators’ decision on your claim provided you do so within 21 days of the decision date (rule 15.35(4) IR16). If the court reverses or varies the Administrators’ decision, or votes are declared invalid, the court may order us to initiate another decision procedure or make such other order as it thinks just (rule 15.35(3) IR16).

You also have the right to appeal to the court if you believe that the Administrators are acting/have acted/propose to act in a way which unfairly harms your interests (paragraph 74(1) Sch B1 IA86).

We recommend that you seek legal advice about the merits of taking these steps in any particular circumstances.

### *How do I calculate my claim for voting purposes?*

Votes are calculated according to the amount of a creditor’s claim as at the date on which the Company entered Administration, less any payments that have been made to them after that date in respect of their claim and any adjustments by way of set-off made in accordance with rule 14.24 IR16 or that would be made if that rule were applied on the date that the votes are counted (rule 15.31(1)(a)(ii) IR16).

### *What majorities are needed to approve decisions/resolutions?*

A decision to approve the proposals or any modification to them is made by creditors if more than 50% in value of those voting vote for the decision.

But a decision is not made if those voting against it include more than half in value of the creditors to whom notice of the decision procedure was delivered who are not, to the best of the convener or chair’s belief, persons connected with the Company (rule 15.34(2) IR16).

### *What happens if I cannot yet quantify my claim with certainty?*

You can vote in respect of a debt for an unliquidated amount or any debt whose value is not ascertained, if the Administrators agree to put on the debt an estimated minimum value for voting purposes and admits the claim for that purpose (rule 15.31(2) IR16).

### *What happens if my debt is wholly or partly secured?*

If you’re a secured creditor whose debt is wholly or partly secured, you’re entitled to vote only in respect of the balance (if any) of your debt after deducting the value of your security as estimated by you. However, if we’ve made a statement under paragraph 52(1)(b) Sch B1 IA86 (that we think the Company has insufficient assets for a dividend to be paid to unsecured creditors other than from the prescribed part) in our proposals and the Company’s creditors ask us to seek a decision as to whether they approve the proposals, you can vote in respect of the full value of your secured debt without any deduction for the value of the security (rule 15.31(6)(a) IR16).

## *Am I bound by the Administrators’ proposals if they are approved?*

Our proposals, when approved by the creditors, will dictate how the Company’s affairs will be conducted in future and how creditors’ claims will be addressed. For this reason, it is important that creditors properly consider our proposals and decide whether and how they wish to vote. Creditors should note, however, that they will in due course also have the opportunity to review, consider and vote upon any proposals for a Scheme of Arrangement pursuant to Part 26 of the Companies Act 2006.

## *What happens if I disagree with the Administrators’ decision?*

You’re entitled to appeal to the court for an order reversing the Administrators’ decision on your claim provided you do so within 21 days of the decision date (rule 15.35(4) IR16). If the court reverses or varies the Administrators’ decision, this could change the decisions/resolutions that were made or passed and/or the court may order us to initiate a decision procedure or make such other order as it thinks just (rule 15.35(3) IR16).

You also have the right to appeal to the court if you believe that the Administrators are acting/have acted/propose to act in a way which unfairly harms your interests (paragraph 74(1) Sch B1 IA86).

We recommend that you seek legal advice about the merits of taking these steps in any particular circumstances.

## ***Appendix F: Proof of debt***

A letter dated 3 July 2019 was sent via post to all known suppliers of the Company, which included a proof of debt form and instructions on how suppliers could lodge their claim should they believe they are owed outstanding funds from the Company. A letter dated 4 July 2019 was sent via post to all known creditors of the Company, which included a proof of debt form and instructions on how creditors could lodge their claim against the Company.

Should any party not have received these communications they are available to download on our case website, <https://www.pwc.co.uk/services/business-recovery/administrations/stronghold.html>