



CR-2020-004271

**IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES  
INSOLVENCY AND COMPANIES LIST (ChD)**

CR-2020-004271

**THE HONOURABLE SIR ALASTAIR NORRIS (SITTING AS A HIGH COURT JUDGE)**

The 16<sup>th</sup> day of December 2020

IN THE MATTER OF STRONGHOLD INSURANCE COMPANY LIMITED (IN ADMINISTRATION)

-and-

IN THE MATTER OF THE COMPANIES ACT 2006

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**ORDER TO CONVENE MEETING**

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**UPON THE APPLICATION** by the Part 8 Claim Form dated 19 November 2020 of the above-named Stronghold Insurance Company Limited (In Administration) (the "**Company**") whose registered office is 46 Rose Lane, Norwich, NR1 1PN and whose registered number is 00736581

**AND UPON HEARING** Barry Isaacs QC and Adam Goodison as Counsel for the Company

**AND UPON READING** the Part 8 Claim Form and the evidence filed

**AND UPON** the Court adopting in this Order, save where terms are otherwise expressly defined, the abbreviations, words and phrases contained in the General Scheme described below

**IT IS ORDERED** that:

1. The Company be at liberty to convene a single meeting of its creditors with claims arising under contracts of reinsurance or retrocession (the "**General Scheme Meeting**" and the "**General Scheme Creditors**" respectively) for the purposes of considering and, if thought fit,

approving, with or without modification, the scheme of arrangement proposed to be made between the Company and the General Scheme Creditors pursuant to Part 26 of the Companies Act 2006 (the "**General Scheme**"), in substantially the form included at Section II (*General Scheme*) of the General Scheme Document.

2. The General Scheme Meeting be held on 2 February 2021 commencing at, or as soon as reasonably practicable after, 11.00 am (London time) (or such other time or date as the Company may decide and notify to the General Scheme Creditors).
3. The General Scheme Meeting be held remotely by webinar via Webex in the manner set out in Section III (*Notice of the General Scheme Meeting*) of the General Scheme Document (the "**Notice of the General Scheme Meeting**").
4. As soon as reasonably practicable after this Order is made, and not less than 42 clear days before the date fixed for the General Scheme Meeting, the Company shall procure that:
  - (a) a copy of the General Scheme, a copy of the statement required to be furnished pursuant to section 897 of the Companies Act 2006, a copy of the Notice of the General Scheme Meeting and a copy of the voting and proxy form to be used for voting at the General Scheme Meeting (the "**Voting and Proxy Form**") with accompanying guidance notes (together the "**General Scheme Document**") (substantially in the form before the Court on 16 December 2020, subject to completion of blanks or minor modifications or corrections as advised by Clifford Chance LLP as solicitors to the Administrators prior to the circulation to General Scheme Creditors) be:
    - (i) sent by email to all those General Scheme Creditors, known brokers, agents, policyholder attorneys, and other interested parties identified by the Company for which it has email address details;
    - (ii) sent by post to all those General Scheme Creditors, known brokers, agents, policyholder attorneys, and other interested parties identified by the Company for which it has a postal address;
    - (iii) made available to all General Scheme Creditors on the Company's website at [www.strongholdinsco.co.uk](http://www.strongholdinsco.co.uk);

- (iv) made available on the Administrators' website for the administration at <https://www.pwc.co.uk/services/business-restructuring/administrations/stronghold.html><http://www.strongholdinsco.co.uk/>; and
    - (v) made available in hard copy free of charge to any General Scheme Creditor upon written request made by that General Scheme Creditor to the Company at the address given at page 3 of the General Scheme Document; and
  - (b) a copy of the Notice of the General Scheme Meeting be published in the UK editions of Insurance Today and the Financial Times and the US editions of Business Insurance and USA Today, as well as the websites of the Insurance and Reinsurance Legacy Association of Insurance and Reinsurance Run-Off Companies.
5. Any supplemental information not included in the General Scheme Document which the Company or its Administrators wish to provide to the General Scheme Creditors in advance of the General Scheme Meeting (or any adjourned General Scheme Meeting) be provided in the manner described in paragraph 4(a) above (save that the Company and/or the Administrators have permission to abridge the 42 clear days' stated time limit to a shorter time period).
  6. Unless the Court orders otherwise, the accidental omission to provide any General Scheme Creditor with the General Scheme Document or the non-receipt by any General Scheme Creditor of the General Scheme Document shall not invalidate the proceedings at the General Scheme Meeting.
  7. Dan Schwarzmann, or if he is unable to so act, Douglas Nigel Rackham, shall act as chairman of the General Scheme Meeting and any adjournment thereof (the "**Chairman**").
  8. A General Scheme Creditor be entitled to appoint one person as their proxy, and, if the appointee is not the Chairman, be entitled to provide in the appointment that the appointee may vote in the appointee's absolute discretion. Any person appointed as proxy for a General Scheme Creditor be entitled to attend and speak at the General Scheme Meeting.
  9. The Chairman be entitled (without the consent of the General Scheme Creditors) to adjourn the General Scheme Meeting (and any

adjourned General Scheme Meeting) to such new date and time as the Chairman shall decide by giving notice to the General Scheme Creditors in the same manner as notice was given to them of the original date and time of the General Scheme Meeting.

10. General Scheme Creditors be requested to complete and submit the Voting and Proxy Form, in accordance with the accompanying guidance notes, to be used at the General Scheme Meeting even if they intend to be present at it.
11. Only General Scheme Creditors who return their completed Voting and Proxy Forms (and any supporting evidence specified therein) by 5.00 p.m. (London time) on 1 February 2021, in the manner specified in the Notice of the General Scheme Meeting, be entitled to vote at the General Scheme Meeting, provided that the Chairman shall be at liberty, but under no obligation, to accept an otherwise incomplete or late Voting and Proxy Form at their discretion, provided that such Voting and Proxy Form is received before the Chairman closes the voting at the General Scheme Meeting.
12. For the purposes of voting at the General Scheme Meeting, a General Scheme Creditor's claim be converted into US Dollars at the closing rate of exchange for the relevant currency quoted by the Bank of England on the Administration Date, being 27 June 2019.
13. The Chairman shall consider Voting and Proxy Forms which have been completed and submitted in accordance with the instructions and accompanying guidance notes thereof in order to determine the value of each General Scheme Creditor's vote at the General Scheme Meeting.
14. The Chairman's determination shall be based on (i) the information provided by the General Scheme Creditor; (ii) the information available to the Company from its existing records; (iii) advice provided to the Company by the General Scheme Actuarial Adviser on the application of the principles described in the Estimation Guidelines; and (iv) if any, the report of the Independent Vote Assessor. General Scheme Claims for voting shall also be calculated net of any known set-off, Security or other relevant deductions.
15. The Chairman shall reject a General Scheme Claim for voting purposes, in whole or in part, if he considers that it does not represent a reasonable assessment of the value of the claim to which it relates. Where the Chairman has reduced or rejected a General Scheme

Creditor's assessment of its General Scheme Claim for voting purposes, he shall notify the relevant General Scheme Creditor of such decision, and the reasons thereof, before the General Scheme Meeting if possible and, in any event, before the sanction hearing.

16. Save in the circumstances described in paragraph 18 below, the value attributed to the votes cast at the General Scheme Meeting shall be subject to an assessment by the Independent Vote Assessor.
17. Where the value attributed to the votes cast at the General Scheme Meeting is to be subject to an assessment by the Independent Vote Assessor:
  - (a) the Chairman shall provide the Independent Vote Assessor with a list of, and certain details regarding, all votes submitted at the General Scheme Meeting;
  - (b) the Chairman's assessment of the outcome of the vote cast not be disclosed to the Independent Vote Assessor;
  - (c) the Chairman shall indicate which votes, in his opinion, should be reviewed by the Independent Vote Assessor, which votes shall include:
    - (i) all votes against the General Scheme;
    - (ii) sufficient votes in favour of the General Scheme to determine whether the requisite majorities have been achieved at the General Scheme Meeting; and
    - (iii) any additional votes the Chairman shall request.
18. The Independent Vote Assessor be instructed to review the Chairman's valuation of the estimated elements of each General Scheme Claim. The Independent Vote Assessor shall report his findings to the Chairman for review by him of the values placed on the votes at the General Scheme Meeting. The Independent Vote Assessor's report be made available to the Court at the sanction hearing. If the Chairman revises his view of the value of a vote following review by the Independent Vote Assessor, the General Scheme Creditor be notified of the revised determination.
19. The Chairman shall not be required to instruct the Independent Vote Assessor to review the Chairman's valuations of any votes in circumstances where:
  - (a) all votes cast in respect of the General Scheme are cast in favour of it; or

- (b) the General Scheme is approved by the requisite majorities of General Scheme Creditors at the General Scheme Meeting, where the Chairman attributes:
  - (i) the higher of the Company's or the General Scheme Creditor's valuation of the General Scheme Claim against when valuing the votes cast against the General Scheme; and
  - (ii) the lower of the Company's or the General Scheme Creditor's valuation of the General Scheme Claim when valuing the votes cast in favour of the General Scheme.
- 20. The values attributed to any vote shall not constitute an admission of the existence or amount of any General Scheme Claim and shall not bind the Company or the General Scheme Creditor, unless a General Scheme Creditor elects to use its Voting and Proxy Form as the basis for its General Scheme Claim.
- 21. The Chairman be directed to file a report with the Court on the General Scheme Meeting and the voting prior to the hearing of any application for sanction of the General Scheme (assuming the requisite statutory majorities are obtained at the General Scheme Meeting). The Chairman be required to include details of any dispute with respect to General Scheme Claims and/ or value attributed to votes in this report.
- 22. The Chairman and the Company be at liberty to apply for such further directions in this matter as may be necessary or appropriate.

**AND IT IS DECLARED** that:

- 23. Dan Schwarzmann, or if he is unable to so act, Douglas Nigel Rackham be at liberty to act as foreign representative of the Company for the purpose of seeking recognition of the General Scheme under Chapter 15 of the US Bankruptcy Code.

**Service of this Order**

The Court has provided a sealed copy of this Order to the serving party:

Clifford Chance LLP at 10 Upper Bank Street, London E14 5JJ Ref: PH/70-40681511

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