

**LAMP INSURANCE COMPANY PLC (IN LIQUIDATION)
2019/COMP/008**

LIQUIDATOR'S PRELIMINARY REPORT UNDER S218

Introduction

On the 31st May 2019, an Order for the appointment of a liquidator was made by the Supreme Court and the Official Receiver was appointed as Liquidator of Lamp Insurance Company Limited (“the Company”) under S160 of the Insolvency Act 2011.

Share Capital Issued, Subscribed and Paid Up

The Company was incorporated on 9 October 2004. The authorised share capital is £40,000 divided into 40,000 ordinary shares of £1 each.

The number of shares in issue is 33,000 held by Lamp Group Limited, issued at a premium of £3,267,000.

Insurance Business of the Company

The business of the Company is that of an insurance company. It was licensed by the Gibraltar Financial Services Commission on 31 March 2005 and was authorised to write Accident, Sickness, Fire & Natural Forces, Damage to Property, General Liability, Credit, Misc. Financial Loss, Legal Expense and Assistance. It issued policies of insurance on a freedom of services basis in the European Union and on a non-admitted basis in the countries of the Far East including China and Thailand. The principle lines of insurance business underwritten by the company were after the event (“ATE”) and health insurance.

Assets and Liabilities

Attached, as Appendix 1 to this report is a copy of the management accounts as at 31 March 2019 – the date at which the last full set of management accounts were prepared.

Assets are principally premium debtors relating to the ATE book of business. A large proportion of these policies relate to clinical negligence claims written on a deferred premium basis with the premium payable only on the successful conclusion of the claim.

Cash at bank appeared to be the main realisable asset and the equivalent of £366,384 was transferred to an account under my control.

The causes of the Company's failure

Due to uncertainties over the collectability of the ATE premium debt, the Company had insufficient liquid assets to enable it to pay its debts as and when they fell due.

The review of the failure of the business is ongoing and will be considered in future reports.

Actions of the liquidator following appointment.

1. Following my appointment, I appointed Grant Thornton Limited as Agent to assist with the administration of the liquidation and the realisation of assets. Quest Consulting in London have been retained to manage the claims and liaise with the FSCS for the compensation, payable to

eligible UK policyholders. From the information currently available there is no prospect of a future dividend being payable to creditors other than insurance creditors.

2. Disclaimer of Policies

Section 209 of the Insolvency Act 2011 allows a liquidator to disclaim onerous property. Insurance policies issued by the Company allow liabilities to continue to accrue on the insolvent estate. The disclaimer of policies terminated the policies and prevented insurance claims arising under the policies following the date of the disclaimer.

Accordingly, policies of insurance issued by the Company were disclaimed as follows:

- 2.1 All and any health care contracts issued in Gibraltar under which the Company was an insurer with effect from 0:00 Hours on 14th June 2019.
- 2.2 All and any health care contracts providing cover outside of Gibraltar and the United Kingdom under which the Company was an insurer with effect from 0:00 Hours on 25th June 2019.
- 2.3 All and any health care contracts providing cover outside of Gibraltar and the United Kingdom under which the Company was an insurer, specifically with regard to Medihelp International with effect from 0:00 Hours on 1 July 2019.

The disclaimers do not affect claims, which have arisen under a contract of insurance underwritten by the Company prior to the date of disclaimer. The disclaimer may also give rise to a claim for damages, which may be calculated as a return of premium claim

Future updates and information

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

Section 161 (1) of the Financial Services (Insurance Companies) (Solvency II Directive) Act requires liquidators, in an appropriate manner, to keep creditors regularly informed on the progress of the winding up. Section 176 (2) of the Insolvency Act, 2011 in relation to the general duties of a liquidator, allows a liquidator, subject to the Act and Rules, to use his own discretion in undertaking his duties. I would propose to report to creditors twice yearly after – 30 June and 31 December of each calendar year with receipts and payments accounts made up to those dates. The reports along with the receipts and payments accounts will be published on the liquidation website.

Creditors should contact me on email lampinsurance@gi.gt.com if they have any queries on this report or require any further information.



**Official Receiver
Liquidator**

25 July 2019

LAMP Insurance Company Limited
Balance Sheet
As at 31 March 2019

	As at 31-Mar-19
ASSETS	
Reinsurers' Share of Technical Provisions	
Provision for Unearned Premiums	771,910
Claims Outstanding	317,240
Provision for Unexpired Risks	21,289
	<u>1,110,439</u>
Debtors	
Premiums receivable not yet due from Intermediaries	11,335,090
Premiums due from Intermediaries	2,522,738
Claims Recoveries	414,184
Debtors arising out of Reinsurance Operations - XOL	38,381
Intercompany Balances	5,335,261
Other Debtors	2,858,084
	<u>22,503,738</u>
Cash at Bank and in Hand	
Available cash	338,162
Restricted cash	46,074
	<u>384,236</u>
Prepayments and Accrued Income	
DAC - Overheads	953,755
DAC - External Commission	1,942,196
Deferred Excess of Loss - Gross Amount	55,000
	<u>2,950,951</u>
TOTAL ASSETS	<u>26,949,364</u>
LIABILITIES	
Capital and Reserves	
Share Capital	(33,000)
Share Premium	(3,267,000)
Profit and Loss Account	1,272,182
Total Equity	<u>(2,027,818)</u>
Technical Provisions	
Provision for Unearned Premium - Net	(3,261,627)
Provision for Unearned Premium - External Commission	(1,942,196)
Claims Outstanding	(5,010,074)
IBNR	(379,073)
Provision for Unexpired Risks	(2,607,690)
	<u>(13,200,660)</u>
Creditors	

Creditors arising out of Reinsurance Operations - XOL	(130,299)
Creditors arising out of Reinsurance Operations - QS	(1,208,115)
Litigation provisions	(714,286)
Tax payable	(1,921,854)
Trade payables	(1,880,145)
Intercompany Balances	(4,065,230)
Other Creditors including Taxation and Social Security	<u>(852,355)</u>
	<u>(10,772,283)</u>
Accruals and Deferred Income	
Deferred Acquisition Costs - Reinsurers' Share	(39,192)
Deferred XOL Costs - Reinsurers' Share	(22,000)
Profit Commission Payable	<u>(887,411)</u>
	<u>(948,603)</u>
TOTAL LIABILITIES	<u><u>(26,949,364)</u></u>