

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

**LIQUIDATOR'S REPORT AS AT 31 JANUARY 2021.**

**Introduction**

On the 31<sup>st</sup> 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 December 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 ("GFSC") on 31 March 2005 and was authorised to write Accident, Sickness, Fire & Natural Forces, Damage to Property, General Liability, Credit, Misc. Financial Loss, Legal Expenses 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**

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.

**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.

**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 (London) Limited 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 terminates the policies and prevents insurance claims arising under the policies following the date of the disclaimer.

Details of the policies of insurance issued by the Company which have been disclaimed are shown in Schedule 1 to this report.

There currently remain two categories of insurance policies which have not been disclaimed – a) Angel/WOW warranty policies which have not been disclaimed due to lack of detailed information on policyholders. As at the date of the report only 7 of these policies are live and b) ATE policies which are discussed below in section 3.

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.

### **3. Disposal of ATE policies – portfolio transfer**

Approximately 22,000 ATE policies were included in the Lamp ATE book as at the date of liquidation. Some 2,000 policies were subject to a legal assignment which had been created initially in 2016 by the holding company of Lamp Insurance. The balance of 20,000 policies were subject to review by my agents and as a result I considered initially that circa 11,700 could be transferred by way of portfolio transfer to another Gibraltar insurer EIFlow Insurance Ltd. On the 30<sup>th</sup> April 2020 a legal notice was published in Gibraltar advising of the transfer proposal and correspondence was issued to solicitors acting on behalf of policyholders requesting that any representations in respect of the transfer be sent to the GFSC and to confirm the status of policies identified for transfer. On the 4 August 2020 6,394 live policies were transferred, with circa 5,300 policies being advised as closed by the managing solicitors. These 5,300 policies will be reviewed for outstanding premium recoveries and together with an additional 3,400 policies which are considered closed or failed will be monitored over the next few years for attaching claims.

### **4. Funded ATE policies.**

There are some 2,846 policies known as funded ATE where the premium for the policy has been paid in advance by a “funder”. Following a review of these policies arrangements were made to disclaim these policies on 29<sup>th</sup> January 2021. Of these policies circa 1,400 policies were offered replacement policies by EIFlow Insurance Limited and 1,300 policies will be refunded by the FSCS subjects to their terms and conditions.

### **5. Administration and adjudication of UK claims and Return of Premium**

1. Property: Admitted claims amount to £419,339 with reserves held of approx. £155,000. There are 5 active claims remaining and it is anticipated that these will be settled over the course of the next 12 months.
2. UK Healthcare and dental: claims in respect of these books of business are estimated at £470,000. All UK healthcare claims have now been settled by the FSCS.
3. Motor: claims in respect of the various motor products provided by Lamp admitted to date are £263,000 which have been settled by the FSCS. Further amounts of approx. £18,000 are currently being assessed for FSCS eligibility.
4. ATE claims: approx. 669 claims with value of £2.532m have been settled to date by the FSCS. There are 74 open claims and 422 claims have been rejected for admission into the estate. Since June 2020 there has been a shift towards post liquidation claims adjudication indicating that solicitors claims backlogs are reducing. It is expected that activity will decrease on this portfolio of policies due to the Lamp ATE portfolio transfer referred to above.
5. A total of 24,512 policies have been compensated for statutory return of premium totalling £3.05m, by the FSCS.

## **Receipts and payments account**

Schedule 2 provides a copy of my receipts and payments account to 31 December 2020. The following points are of note:

1. Bank balances taken over – following closure of foreign currency accounts and accounts held for security an amount of £462,897 was received in the liquidation account.
2. ATE premium receipts continue to be received as policies reach conclusion as a result of successful litigation outcomes on behalf of the policyholders. Claims as a result of failed actions will be met by the FSCS dependant on their eligibility criteria. Premiums amounting to £1,132,198 have been received in the period to 31 December 2020. Premiums due after 4 August 2020 are collected by EIFlow Insurance Ltd under the terms of the portfolio transfer agreement.
3. As non-ATE books of business were disclaimed agreement was reached with the relevant brokers and outstanding premiums were settled amounting to £171,923 as at 31 December 2020.
4. Claims management costs of £563,106 have been paid to 31 December 2020.
5. IPT was payable to HMRC on premium collected by the Liquidator and amounted to £175,439.

## **Future updates and information**

A liquidation website was established at [www.lampinsurance.com](http://www.lampinsurance.com) 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 or her own discretion in undertaking their duties. I would propose to report to creditors twice yearly 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 if they have any queries on this report or require any further information.**

**Official Receiver  
Liquidator**

# LAMP INSURANCE COMPANY LTD (IN LIQUIDATION)

## LIQUIDATOR'S REPORT AS AT 31 JANUARY 2021

### SCHEDULE 1

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

**Jan 29, 2021**

All funded and deferred ATE policies with the Company as insurer with effect from 0:00 on 29 Jan 2021

**Dec 4, 2019**

All Law data Motor Warranty Miscellaneous Financial Loss policies with the Company as insurer with effect from 0:00 on 4 Dec 2019.

**Oct 3, 2019**

All Strategic GAP Warranty policies with the Company as insurer with effect from 0:00 on 3 Oct 2019.

**Sept 25, 2019**

All Excess Waiver and GAP Warranty policies with the broker Motor Products Online Limited with effect from 0:00 on 25 Sept 2019.

**Sept 25, 2019**

Miscellaneous Financial Loss Policy 15HCM100200 with effect from 0:00 on 25 Sept 2019.

**Sept 25, 2019**

Miscellaneous Financial Loss Policy 18PPS100200 with effect from 0:00 on 25 Sept 2019.

**Sept 4, 2019**

All H3 Private Medical Insurance policies with the Company as insurer with effect from 0:00 on 4 Sept 2019.

**Aug 29, 2019**

All GAP Warranty policies with the broker Warranty Direct with the Company as insurer with effect from 0:00 on 29 Aug 2019.

**July 26, 2019**

All marine warranty policies with the Company as insurer with effect from 0:00 on 26 July 2019.

**July 26, 2019**

All dental implant after care policies with the Company as insurer with effect from 0:00 hours on 26 July 2019.

**July 24, 2019**

All home insurance policies placed by the broker Now4Cover with the Company as insurer with effect from 0:00 hours on 24 July 2019.

**July 1, 2019**

All and any health care contracts' outside of Gibraltar and the United Kingdom under which the Company is an insurer with effect from 0:00 hours on 1 July 2019 (specifically Medihelp International, Romania).

**June 25, 2019**

All and any health care contracts' outside of Gibraltar and the United Kingdom under which the Company is an insurer with effect from 0:00 hours on 25th June 2019.

**June 14, 2019**

All and any health care contracts issued in Gibraltar under which the Company is an insurer with effect from 0:00 hours on 14th June 2019.

**LAMP INSURANCE COMPANY LTD (IN LIQUIDATION)**

**LIQUIDATOR'S REPORT AS AT 31 JANUARY 2021**

**SCHEDULE 2**

**Liquidators Receipts and Payments Account for the Period  
31 May 2019 to 31 December 2020**

	<b>£</b>
<b>Receipts</b>	
Bank balances taken over from company	<b>462,897.07</b>
ATE premium receipts (gross of IPT)	1,132,197.83
ATE assigned premium receipts	5,332,32
Other Lines premium receipts (gross of IPT)	171,922.84
Claims floats and recoveries	13,422.44
IPT on ATE assigned premium – paid to HMRC	-175,439.31
<b>Total Income</b>	<b>1,610,333.19</b>
<b>Payments</b>	
Claims management costs - Quest Consulting (London) Ltd	492,652.44
Other claims costs: claims management	70,453.51
Costs of application	38,955.58
Other professional costs	2,250.00
Legal Fees	13,025.24
Advertising costs	2,304.00
IT services costs	7,196.01
Employee costs to incl cessation costs	34,179.15
Office closure costs UK & Gibraltar	3,991.79
Sundry costs	2,021.98
Bank Charges	458.12
<b>Total expenses</b>	<b>667,487.82</b>
<b>BALANCE IN HAND</b>	<b>942,845.37</b>
<b>Represented by:</b>	
NatWest – liquidator's account	<b>£942,845.37</b>

The Liquidator has incurred costs in respect of lawyers and other agents which have been paid from monies advanced by the Government of Gibraltar. These costs are not included in the receipts and payments account as at 31 December 2020 but will in future be repaid as expenses of the liquidation.