

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

LIQUIDATOR'S REPORT AS AT 25th May 2023

Introduction

On the 31st of 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.

On 30th August 2022 following an application to Court the Official receiver was released as Liquidator and F D J White was appointed Liquidator in the Official Receiver’s stead.

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 principal 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.

Following the appointment of the Official Receiver as Liquidator, Grant Thornton Limited were appointed as Agent to assist with the administration of the liquidation and the realisation of assets. Quest Consulting (London) Limited were retained to manage the claims and liaise with the FSCS in respect of compensation payable to eligible UK policyholders.

Following the appointment of Freddie White of Grant Thornton Ltd as Liquidator there is no requirement for Grant Thornton Ltd to act as Agent and the contract has been terminated. Quest Consulting (London) Limited are still retained to manage claims and liaise with the FSCS.

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.

One category of insurance policies Angel/WOW warranty policies were not disclaimed due to lack of detailed information on policyholders however as at the date of the report all such policies have expired.

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.

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 and as a result it was considered that circa 11,700 could be transferred by way of portfolio transfer to another Gibraltar insurer EIFlow Insurance Ltd. On the 30th of 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 have been 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.

Funded ATE policies.

There were some 2,846 policies known as funded ATE where the premium for the policy was been paid in advance by a “funder”. A review of these policies was carried out and arrangements made to disclaim these policies on 29th January 2021. Of these policies circa 1,400 policies were offered replacement policies by EIFlow Insurance Limited, and circa 1,300 policies premium were refunded by the FSCS, subject to their terms and conditions.

Administration and adjudication of UK claims and Return of Premium

1. Property: Admitted claims amount to £443,978. There are no outstanding reserves.
2. UK Healthcare and dental: claims in respect of these books of business are estimated at £472,000. 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 £263,646 which have been settled by the FSCS.
4. ATE claims: claims with value of £3,288m have been settled to date by the FSCS. There are 67 open claims totalling £160,395 and several claims where further information is required to assess quantum.
5. The FSCS has compensated over 26,000 policies approx. £6.4m due in respect of statutory return of premium as a result of the various Disclaimers, including funded ATE referred to in (4) above.

Irish Claims

There are a number of long tail dental Schools Personal Accident claims with outstanding reserves totalling circa €84k.

Receipts and payments account

Schedule 2 provides a copy of my receipts and payments account to 31 December 2022. 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 because of successful litigation outcomes on behalf of the policyholders. Claims because of failed actions will be met by the FSCS dependant on their eligibility criteria. Premiums amounting to £1,132,198 were 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. An amount of £909,385 has been received to date under the terms of the 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 of 31 December 2022.
4. Claims management costs of £798,334 have been paid to 31 December 2022.
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 as a means of communicating effectively with policyholders and creditors.

Section 259 of the Financial Services (Insurance Companies) Regulations 2020 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 had previously provided reports on a six-monthly basis but would now propose that these are extended to yearly reports due to the minimal movement on this liquidation. 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.



F D J White
Liquidator

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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.

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SCHEDULE 2

**Liquidators Receipts and Payments Account for the Period
31 May 2019 to 31 December 2022**

	£
Receipts	
Bank balances taken over from company	462,897.07
ATE premium receipts	1,132,197.84
ATE assigned premium receipts	0.00
Other Lines premium receipts	171,922.84
Settlement under portfolio transfer agreement	909,385.32
Claims floats and recoveries	59,094.01
IPT on ATE premium paid to HMRC	(175,439.31)
Total Income	<u>2,560,057.77</u>
Payments	
Claims management costs - Quest Consulting (London) Ltd	714,666.79
Other claims costs: claims management	83,668.17
Costs of application	38,955.58
Liquidator's fees	9,135.41
Other professional costs	13,810.84
Legal Fees	16,758.19
Refund of professional costs settled by Official Receiver	490,124.63
Advertising costs	2,304.00
IT services costs	7,913.79
Employee costs to incl cessation costs	34,179.15
Office closure costs UK & Gibraltar	3,991.79
Sundry costs	2,021.98
Bank Charges	693.23
Total expenses	<u>1,418,223.55</u>
BALANCE IN HAND	<u>1,141,834.22</u>
Represented by:	
NatWest - liquidator	<u>1,141,834.22</u>
	<u>1,141,834.22</u>