

# **East West Insurance Company Limited (In Administration) (the “Company” or “EWIC”)**

## **Frequently Asked Questions (“FAQs”)**

### **Sections:**

|                               |          |
|-------------------------------|----------|
| <b>1. General .....</b>       | <b>2</b> |
| <b>2. Policyholders .....</b> | <b>3</b> |
| <b>3. Suppliers .....</b>     | <b>7</b> |
| <b>4. Proposals .....</b>     | <b>9</b> |

## 1. General

### 1.1. When and why did EWIC go into administration?

EWIC entered administration on 12 October 2020 by order of the High Court.

The administration follows a judgement in the Court of Appeal which has had a considerable impact on the financial position of EWIC by greatly increasing its exposure within its open (and potential) claims. This matter was worsened by a number of unexpected, high value claims as well as material adverse claim developments on a number of existing claims.

Together, these issues have left EWIC in a position where it is insolvent on the basis that its assets are less than the value of its known and projected liabilities.

### 1.2. What is an administration?

An administration is a process under the Insolvency Act 1986 where one or more insolvency practitioners take charge of the company's business and affairs with a view to pursuing one of the following objectives:

- rescuing the company;
- 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
- collecting the company's assets to pay a dividend to secured or preferential creditors.

On placing a company into Administration, the company benefits from a statutory moratorium or stay on legal proceedings and it is protected from the commencement or continuation of legal proceedings. An administration, therefore, gives EWIC and the Joint Administrators time to further consider what course is in the best interests of creditors.

### 1.3. Who are the Joint Administrators?

Richard Barker and Simon Edel, both licensed Insolvency Practitioners of EY, were appointed Joint Administrators of EWIC.

### 1.4. Who do I contact with any problems or questions on the administration?

Future updates related to the administration, including notices to creditors and progress reports, will be posted online at [www.ey.com/en\\_uk/eastwestinsurance](http://www.ey.com/en_uk/eastwestinsurance).

If you wish to contact the Company regarding your insurance policy or in relation to services you provided to the Company, please do so by email to [team@east-west-insurance.com](mailto:team@east-west-insurance.com) or by telephone on 0333 4000 393.

You can also contact the Joint Administrators by email to [eastwestinsurance@uk.ey.com](mailto:eastwestinsurance@uk.ey.com).

### 1.5. Where can I see status updates regarding the administration?

For the latest status updates regarding the administration, please check online at [www.ey.com/en\\_uk/eastwestinsurance](http://www.ey.com/en_uk/eastwestinsurance).

## 2. Policyholders

### 2.1. I am unaware of this insurance policy. Why have I received a letter regarding the EWIC administration?

You have received this letter as EWIC's records show that the property the letter is addressed to may have a building guarantee policy with EWIC. Building guarantee policies were originally written by Zurich Insurance Plc and taken out by property developers. On 31 March 2018, Zurich Insurance Plc transferred its building guarantee policies to EWIC.

Building guarantee policies are for the benefit of the owner of the property. If you are not the owner of the property, please pass this letter on to the owner.

### 2.2. Does this mean my insurance policy is not valid anymore?

The administration of EWIC does not automatically terminate or cancel your contract of insurance.

### 2.3. As an existing policyholder, do I need to take any action?

If you do not have an existing claim, no action is required at this stage. You can continue to notify EWIC of a claim under your policy should you need to.

### 2.4. What happens with my existing claim?

The Joint Administrators are working collaboratively with a third party claims handling service provider and the Financial Services Compensation Scheme ("FSCS") to assess eligibility for compensation by the FSCS under its Policyholder Protection Rules and to determine the appropriate next steps to progress eligible claims through to resolution.

There are a number of complex issues that require resolution or a workable way forward for all stakeholders to allow progress of the open claims. These issues include, but are not limited to policy wordings, FSCS eligibility checks and information requirements, cash flows and funding arrangements, common parts claims on multi-occupancy properties, rights to recoveries from third parties and various litigation matters. The Joint Administrators' have recently resolved the issue of the funding of loss adjustors and investigative works and this resolution has allowed progression of the majority of open claims.

Your assigned claims handler will contact you in relation to your claim.

The website and this FAQ document will also be updated from time to time so you may wish to check for updates.

### 2.5. Can you provide me with an estimate of the timeframe for reviewing my claim?

The Joint Administrators kindly request for claimants to limit their correspondence while the new claims handler moves through the remainder of the open claims in order to progress claims for the benefit of all claimants.

In the meantime, claims handlers will be contacting claimants as claims progress.

**2.6. I am currently in temporary accommodation whilst my property undergoes rectification work. What will happen now that the Company is in administration?**

Where claimants are eligible for compensation by the FSCS, the FSCS are providing funding for temporary accommodation to claimants whilst their property is undergoing rectification work.

**2.7. I want to make a new claim, what should I do now?**

For the time being, policyholders should continue submitting their claims following the usual processes set out in their policy documentation. This can be done by either sending an email to [team@east-west-insurance.com](mailto:team@east-west-insurance.com) or by calling the claims handing team on 0333 4000 393.

**2.8. Do I need to use a claims management company (“CMC”) to make a new claim and/or complaint?**

You should proceed with caution if you are approached by a CMC. For the vast majority of claimants, there is no benefit in involving a third party in a claims or complaints process.

If you use a CMC to assist, the CMC is likely to seek a fee which may reduce what you get back.

**2.9. Can I cancel my policy with EWIC? Do I have the right to a refund of my premium?**

It is not possible for a policyholder to cancel a building guarantee policy and you do not have a right to a refund of any premium originally paid.

**2.10. I am trying to sell my property and my buyer’s mortgage provider will not lend on the strength of an EWIC policy. Can I claim for the costs of replacement cover?**

The administration of EWIC does not automatically terminate or cancel your contract of insurance. As claims can continue to be submitted following the usual processes set out in their policy documentation, it is not expected that any claims for the cost of replacement cover can be made, either to EWIC or to the FSCS.

**2.11. If I sell my property, will the policy continue for the buyer?**

Please note that the administration of EWIC does not automatically terminate or cancel your contract of insurance.

In accordance with the terms of the building guarantee policy, we understand that the policy is assigned to the property named in the policy and is for the benefit of the ‘buyer’. The ‘buyer’ in most policy wording is defined as *“The person’s having a freehold, commonhold, leasehold or tenancy interest in the new home for the time being or any mortgagee in possession excluding the developer, builder, directors, partners, and their relatives and associated companies, and all those involved with or having an interest in the construction or sale of the new home.”*

**2.12. Am I protected by the Financial Services Compensation Scheme (“FSCS”)?**

The FSCS protects UK policyholders, generally individuals or small businesses with an annual turnover of no more than £1m, who are eligible to claim under the Policyholder Protection Rules. Based on the Joint Administrators’ current understanding of the Company’s policyholders, it is expected that a significant number will meet the FSCS’ eligibility rules.

Further to an amendment to the Policyholder Protection Rules on 8 October 2020, building guarantee policyholders protected by the FSCS scheme will receive compensation at 100% of EWIC’s liability for claims.

Further details can be found on the FSCS website at [www.fscs.org.uk/what-we-cover/insurance/](http://www.fscs.org.uk/what-we-cover/insurance/).

**2.13. How do I make a claim for compensation?**

Policyholders should submit their claims following the usual processes set out in their policy documentation. This can be done by either sending an email to [team@east-west-insurance.com](mailto:team@east-west-insurance.com) or by calling the claims handing team on 0333 4000 393.

**2.14. Will my claim get paid in full?**

The Joint Administrators are working collaboratively with third party claims handling service providers and the Financial Services Compensation Scheme ("FSCS") to assess eligibility for payment by the FSCS under its Policyholder Protection Rules and determine the appropriate next steps to progress eligible claims through to resolution.

Please note that due to the limited funds available in the Company and the uncertainty of future liabilities of the Company, the Joint Administrators are unable to progress any investigation or remedial work on property claims that are solely owned by those who are not eligible for payment by the FSCS under its Policyholder Protection Rules at this stage in the Administration. Further updates will be provided on this in due course.

**2.15. How do I submit a claim in the administration?**

See 2.7 above for the current position on submitting claims. If this process changes, further information will be provided to policyholders and claimants as to how to submit a claim in the administration.

**2.16. The claims handling team have informed me I require a loss adjuster or an expert to investigate, what are the next steps?**

The Joint Administrators' have recently resolved the issue of the funding of loss adjustors and investigative works and this resolution has generated significant movement in the open claims.

The claims process has re-commenced, and your assigned claims handler will contact you if this message has been outlined in the past.

Please note that you may not be able to claim for costs of loss adjusters and/or experts that you engage with directly in relation to your claim.

**2.17. I have a complaint about my policy, how do I make that complaint?**

The process for making a complaint about your policy has not changed.

If you wish to make a complaint, please email [team@east-west-insurance.com](mailto:team@east-west-insurance.com) or call 0333 4000 393. Alternatively, you can write to us at East West Customer Relations Team, C/o Weightmans LLP, 100 Old Hall Street, Liverpool, L3 9QJ.

**2.18. I had an open complaint with the Financial Ombudsman Service ("FOS") when the Company went into Administration, what will happen to my complaint now?**

As a result of the Company being placed into Administration, the FOS are no longer able to continue their dispute resolution process.

The Joint Administrators are aware that there were several open complaints with the FOS at the date of their appointment and they are working with the FOS and third party claims handling

service providers to understand the basis of the complaints and ensure they are reviewed and appropriate steps taken to address the complaints and the claims to which they relate.

### 3. Suppliers

#### 3.1. I am a supplier to EWIC (including asset manager, bank, developer, builder, temporary accommodation provider, loss adjuster, legal adviser), will I be paid for services provided?

Payments will be made for any goods and services that are authorised by the Joint Administrators from the date of appointment 12 October 2020.

In relation to any payment arrears, or costs incurred without the approval of the Joint Administrators, we will review these on an individual basis, however these will likely be unsecured claims against the Company. While it is not yet possible to provide an accurate estimate of the dividend prospects for trade creditors, it is not anticipated that there will be sufficient realisations to make a distribution to unsecured creditors given the scale of estimated liabilities under the Company's insurance policies.

Should you wish to discuss your position with the Joint Administrators, please send the information below to [eastwestinsurance@uk.ey.com](mailto:eastwestinsurance@uk.ey.com):

- full name
- address
- telephone number
- your query
- email address

#### 3.2. Should I continue providing goods and services after the date of the administration and how do I know I will be paid?

The Company will pay for goods and services rendered after the date of our appointment as Joint Administrators but only where those goods and services have been approved by the Joint Administrators in advance.

#### 3.3. How do I get approval by the Joint Administrators for goods and services after the date of the administration?

Please contact us by providing the information below to [eastwestinsurance@uk.ey.com](mailto:eastwestinsurance@uk.ey.com):

- name of supplier contact
- email address of supplier contact
- name of supplier company
- name of entity (or entities) with which their services are contracted
- which properties/claims (if applicable) do the services relate?

#### 3.4. I may be holding monies that may be due to EWIC. What should I do?

You should contact the Joint Administrators by email to [eastwestinsurance@uk.ey.com](mailto:eastwestinsurance@uk.ey.com) immediately if you may be holding any amounts that may be due to EWIC. Such amounts should not be paid to or passed back to other parties until the legal entitlement to such monies can be determined. The Joint Administrators will vigorously pursue or take legal action to recover any monies that are due to EWIC.

#### 3.5. As an unsecured creditor, what courses of action are available for me to take?

You can submit an unsecured claim in the administration by completing a proof of debt form that is available online at [www.ey.com/en\\_uk/eastwestinsurance](http://www.ey.com/en_uk/eastwestinsurance) in the 'Administration documents' section.

In relation to any payment arrears, or costs incurred without the approval of the Joint Administrators, we will review these on an individual basis, however these will likely be unsecured claims against the Company.

While it is not yet possible to provide an accurate estimate of the dividend prospects for trade and reinsurance creditors, it is not anticipated that there will be sufficient realisations to make a distribution to unsecured creditors given the scale of estimated liabilities under the Company's insurance policies.

**3.6. Is it possible to take legal action against the Company?**

Under the provisions of paragraph 43(6) of Schedule B1 to the Insolvency Act 1986, creditors are prevented from taking further action in respect of the debt without the Joint Administrators' consent or the leave of the Court. As this will not improve your recovery and will incur additional cost to the insolvency estate, the Joint Administrators are unlikely to provide consent. Accordingly, you may wish to suspend any further legal action to avoid incurring irrecoverable costs unnecessarily.

**3.7. I am a developer, builder, temporary accommodation provider, loss adjuster, legal adviser etc. how will I be updated on the Administration?**

Updates will be provided via the website at [www.ey.com/en\\_uk/eastwestinsurance](http://www.ey.com/en_uk/eastwestinsurance).

**3.8. I am currently working on a property which has a building guarantee policy with EWIC, what will happen now that the Company is in administration?**

If you have not already heard from us, please contact us by either sending an email to [enquiries@east-west-insurance.com](mailto:enquiries@east-west-insurance.com) or by calling the claims handing team on 0333 4000 393.

## 4. Proposals

### 4.1. What are the Joint Administrators' proposals and why have I been notified about them?

The proposals provide details of the Joint Administrators' strategy including an update on the process for dealing with claims and the proposed future conduct of the Administration.

The Joint Administrators' proposals were made available to all known creditors on 3 December 2020. A copy is available online at [www.ey.com/en\\_uk/eastwestinsurance](http://www.ey.com/en_uk/eastwestinsurance) in the 'Administration documents' section

If you have been notified, it is because we believe you are a creditor of the Company. See 2.1 above for more information on this point.

### 4.2. Do I need to take any action regarding the Administrators' proposals?

You do not need to take any action as the decision date to approve the Administrators' proposals has now passed.

### 4.3. What is a creditors' committee and where can I find out more information?

In the context of an Administration, a creditors' committee is a group of between 3 to 5 creditors of the company which is elected to assist the Joint Administrators in fulfilling their duties.

A creditors' committee was established on 1 February 2021 with five committee members.

### 4.4. Where can I get further information on the Joint Administrators' fees?

The Joint Administrators' fees and expenses to 13 November 2020 were disclosed in the Joint Administrators' fee estimate and details of expenses which is available online at [www.ey.com/en\\_uk/eastwestinsurance](http://www.ey.com/en_uk/eastwestinsurance) in the 'Administration documents' section.

Future updates related to the administration, including notices to creditors and progress reports, will be posted online at [www.ey.com/en\\_uk/eastwestinsurance](http://www.ey.com/en_uk/eastwestinsurance).

Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the website of the Institute of Chartered Accountants in England and Wales at [www.icaew.com/en/technical/insolvency/creditors-guides](http://www.icaew.com/en/technical/insolvency/creditors-guides) or is available in hard copy upon written request to the Joint Administrators.

### 4.5. How are the Joint Administrators' fees and expenses going to be approved?

As a creditors' committee is established, the creditors' committee will be asked to approve the Joint Administrators' fees and expenses.

### 4.6. How will I hear about the outcome on the decision on the Joint Administrators' proposals?

The Joint Administrators' proposals were approved by creditors by deemed consent and the notice is available online at [www.ey.com/en\\_uk/eastwestinsurance](http://www.ey.com/en_uk/eastwestinsurance) in the 'Administration documents' section.

**4.7. I have submitted a claim to the claims handling team already, do I have to fill out the 'Creditors' Notice of Claim' or 'Creditors' proof of debt' forms on the website?**

If you have previously submitted a claim in relation to an insurance policy, then you are not required to complete the 'Creditors' Notice of Claim' or 'Creditors' proof of debt' forms. These forms are for trade creditors and separate to the claims handling process for claims from insurance policyholders.

Trade and reinsurance creditors should see 3.5 above for more information on this point.

**4.8. I have further questions, who should I contact?**

If you have a query which is not answered by these FAQs, you can contact the Joint Administrators at the following email address: [EastWestInsurance@uk.ey.com](mailto:EastWestInsurance@uk.ey.com).

## 5. Claims Handling Service Provider

### 5.1. Who is handling claims on behalf of EWIC and the Joint Administrators?

Weightmans LLP have been appointed as the Company's third party claims handling service provider. Weightmans LLP are working directly with claimants, third party experts, the Joint Administrators and the FSCS to assess eligibility for compensation by the FSCS under its Policyholder Protection Rules and to determine the appropriate next steps to progress eligible claims through to completion.

### 5.2. Has there been a change in the claims handling service provider?

The Company had previously retained Armour Risk Management Limited ("ARML") as its third party claims handling service provider. However, on 22 February 2021, it was announced that Premia Holdings Limited had agreed to acquire the Armour Group and, as a result of this transaction, ARML advised that it would cease to provide services to the Company by 30 June 2021.

In advance of this, the Joint Administrators commenced a tender process for a new claims handler to be appointed to manage the Company's policies. From the tender process, Weightmans LLP, a law firm with significant insurance claims handling experience and, in particular, building guarantee claims experience, has been selected as the Company's new claims handler and they commenced their role on Monday, 10 May 2021.

### 5.3. What impact will the transition have on the progression of my claim?

We do not anticipate there being any impact on the progression of your claim. Any current claims have been automatically transferred to Weightmans LLP and will continue to be progressed.

As part of the service transition to Weightmans LLP, certain of the claims handlers were subject to The Transfer of Undertakings (Protection of Employment) Regulations 2006 act and their employment was transferred to Weightmans LLP. In addition, Weightmans LLP employees who were seconded to ARML prior to the transition will continue to work within the Weightmans LLP claims handling team. Therefore, it is likely that your claims handler will not change. They will be in contact in due course to provide their updated contact details.

Where a new claims handler is assigned to your claim, they will be in contact with their claimants in due course to introduce themselves and provide their contact details.

### 5.4. How do I contact Weightmans LLP?

The contact telephone number remains the same as before. The claims team can be contacted on 0333 4000 393.

The email address in which the team can be contacted has changed and will now be [team@east-west-insurance.com](mailto:team@east-west-insurance.com).

You should direct any general enquiries, complaints and data subject access requests to this email address.

**5.5. Weightmans LLP is a law firm, are you taking legal action against me?**

Whilst Weightmans LLP primarily provides legal services, they also provide a claims handling service and have extensive building guarantee experience. Weightmans LLP have been engaged to provide a claims handling service only and will only engage with policyholders in order to progress their claims.

Weightmans LLP do also offer litigation and recovery services and form part of the panel of legal experts that may be engaged separately, where appropriate, by the Joint Administrators from time to time where legal advice or services are required.