



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

Frequently Asked Questions (“FAQs”)

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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 Administrators time to further consider what course is in the best interests of creditors.

1.3. Who are the Administrators?

Richard Barker and Simon Jamie 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 proposals for the administration, will be posted on EY's website at www.ey.com/en_uk/eastwestinsurance so you may wish to check there for updates.

EWIC's website at www.east-west-insurance.com will also be updated from time to time.

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 enquiries@east-west-insurance.com or by telephone on 0333 4000 393.

You can also contact the Administrators at the email address below:
EastWestInsurance@uk.ey.com

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

For the latest status updates regarding the administration, please refer to the following website link: 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. More information will be provided to policyholders in this respect in due course.

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 Administrators will need to consider how to deal with particular claims made under EWIC's insurance policies and will provide you with an update on the impact of the administration on your claim as soon as possible. If any further information is needed from you, your assigned claims handler will contact you in due course.

The Administrators will send a report to policyholders within 8 weeks of their appointment. This report is known as the Administrators' proposals and will outline steps taken by the Administrators to date and the strategy of the Administrators going forwards including an update on the claims process.

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

If EWIC were in the process of repairing your property or paying for ongoing rectification work, the Administrators will aim to contact your representative within 14 days of our appointment as Administrators. If your representative does not hear from us within 14 days, please contact us by emailing enquiries@east-west-insurance.com or by calling the claims handling team on 0333 4000 393. Please include the following information:

- full name
- address of property where works are being conducted
- claim or policy reference
- telephone number
- email address
- brief description of situation

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

The administration process is complex and it takes time to assess the Company's position and provide an estimate of the timing for reviewing claims and making a distribution. The Administrators will include an update on claims and, if possible, a timeframe as soon as possible.

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

The Administrators understand that the providers of temporary accommodation have been paid in advance to continue to provide temporary accommodation. The Administrators will contact those providers to ensure an ongoing supply of alternative accommodation for those who require it.

We aim to contact managing agents / landlords within 14 days of our appointment as Administrators. If your managing agent / landlord does not hear from us within 14 days, please contact us by emailing enquiries@east-west-insurance.com or by calling the claims handling team on 0333 4000 393. Please include the following information:

- full name
- address of property where works are being conducted
- claim or policy reference
- telephone number
- email address
- brief description of situation

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. This can be done by either sending an email to enquiries@east-west-insurance.com or by calling the claims handling 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 claims management company ("CMC"). For the vast majority of clients, 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.

If you are considering using a CMC to assist you we suggest you first discuss this with the Administrators using the contact details detailed above.

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

It is our understanding that the only EWIC policies which have not expired are those relating to building guarantees. 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?

As the Administrators have just taken over control of the Company, they will need to consider how to deal with individual claims made under EWIC's insurance policies and will provide further information on questions such as this as soon as possible.

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

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' is defined in Zurich Standard 10 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, who are eligible to claim under the Policyholder Protection Rules. Based on the 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/

2.13. How do I make a claim for compensation?

The Administrators are working closely with the FSCS to ensure a streamlined compensation process for the affected eligible policyholders and will provide further information on questions such as this as soon as possible.

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

2.14. Will my claim get paid in full?

Whilst, at this time, it is not possible to confirm the proportion of each agreed claim that will ultimately be paid by the Company, we are in the process of establishing policyholders' protections under relevant compensation schemes.

It is expected that buildings guarantee policyholders who are eligible to make a claim through the FSCS will receive compensation at 100% of EWIC's liability for claims after taking account of the excess on the policy.

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

See 2.7 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 adjustor or an expert to investigate, what are the next steps?

If you have a new or existing claim and have been advised Armour are required to instruct a loss adjuster or appoint an expert to investigate, the Administrators are considering how to progress your claim. Please provide your claims handler with the following information:

- full name
- address of property where works are being conducted
- claim or policy reference
- telephone number
- email address
- brief description of situation

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 customerrelations@armourrisk.com or call 0333 200 7243. Alternatively, you can write to us at East West Customer Relations Team, C/o Armour Risk Management Limited, 20 Old Broad Street, London, EC2N 1DP.

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?

We appreciate your ongoing cooperation as the Administrators work to develop a detailed understanding of third-party arrangements.

We will ensure payment for any goods and services authorised by the Joint Administrators provided from the date of appointment 12 October 2020.

In relation to any payment arrears, or costs incurred without the express approval of the Administrators, we will review these on an individual basis. These will likely be claims in the administration. The Administrators will be writing to you to explain the consequences of the administration and your rights as a creditor. At this stage, it is too early to estimate the quantum and timing of any distribution to unsecured creditors.

If you are expecting to incur significant costs in the interim please share this information with us in order that any decision required by the Administrators can be made in a timely fashion. You should send the information below to enquiries@east-west-insurance.com

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

3.2. Should I continue providing services or supplies 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 Administrators but only where those services have been approved by the Administrators in advance.

3.3. How do I get approval by the Administrators for services or supplies after the date of the administration?

In relation to ongoing services, we are able to issue a letter of commitment to provide suppliers further assurance for the payment of goods and services during the administration. If you believe you require such a letter, please provide the following details to us:

- 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?

You can email: enquiries@east-west-insurance.com

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

You should contact EWIC 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 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.

All amounts that the Company owes to trade creditors at the date of the administration 12 October 2020 are unsecured claims.

The Administrators' role is to realise the Company's assets and distribute the net proceeds to the creditors in accordance with the creditor priority established in the applicable insolvency legislation.

At this stage, it is too early to estimate the quantum and timing of any distribution to unsecured creditors.

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 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 Administrators are not prepared 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?

The Administrators will review the Company's position and collect information about the Company. The Administrators will take over the day-to-day control and management of the Company.

The Administrators will write to all known creditors of the Company (as recorded by the Company) as soon as is reasonably practical to formally give notice of the appointment.

The Administrators will send a report to all known creditors within 8 weeks of appointment. This report is known as the Administrators' proposals and will outline steps taken by the Administrators to date and the strategy going forwards.

The Administrators are also required to provide a written update on the administration to all known creditors every 6 months. This report will be sent within one month of every 6 month anniversary or earlier if an administrator vacates office or an extension to the administration is granted.



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?

We aim to contact all suppliers shortly. If you do not hear from us within 14 days of our appointment as Administrators, please contact us via the email address below including the following information and we will make contact with you to discuss the situation:
enquiries@east-west-insurance.com

- full name
- address of property where conducting works
- telephone number
- email address

4. Proposals

4.1. What are the 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.

Under Insolvency Law, Administrators of a company are required to deliver their proposals to creditors (including policyholders in this case) within 8 weeks of their appointment as Administrators for approval by creditors.

You have been notified of them as 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 and will it affect my claim?

You do not need to take any action.

The Administrators are seeking approval by deemed consent, which means that the proposals will be approved unless objected to by the required level of creditors.

However, as a creditor of the company you have the right to request a meeting of creditors to be held to consider the proposals or to object to the proposals. Details of how to do this are provided below at 4.3.

You can also vote to form a creditors' committee to assist the Joint Administrators in fulfilling their duties, further details on this are provided below at 4.5. This is optional and you do not have to take any action if you do not wish to join the creditors' committee. If you do wish to join the committee more information is provided at 4.5 below.

Any objection in relation to the Administrators' proposals will not affect your claim or your right to claim nor will your participation or non-participation in the creditors' committee.

4.3. What is a deemed consent process?

A deemed consent process is a process provided under Insolvency Law whereby the Joint Administrators can seek consent from creditors on certain matters by way of 'deemed' consent.

This is the process by which the Joint Administrators can and are seeking approval of their proposals from creditors. This means the proposals are approved unless objected to by the required level of creditors.

4.4. What do I need to do if I don't agree with the deemed consent process?

The Joint Administrators are seeking approval of their proposals by deemed consent. If you wish to object to this, details of how to do so are given in the 'Formal notice of deemed consent of Joint Administrators' proposals', you will also need to complete and submit a 'Creditors' notice of claim', both documents are available via the website www.ey.com/en_uk/eastwestinsurance in the 'Administration documents' section.

4.5. Can I request a meeting of creditors to consider the Administrators' proposals?

Yes, if you wish to make a request for a meeting of creditors to be held to consider the proposals, details of how to do so are given in the 'Formal notice of deemed consent of Joint Administrators' proposals' which is available via the website www.ey.com/en_uk/eastwestinsurance in the 'Administrators documents' section. If you wish to request a meeting, you will also need to complete and submit a 'Creditors' notice of claim' form which is also available via the website.

4.6. 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.

The Joint Administrators would welcome interest from creditors in joining the creditors' committee and any expressions of interest should be noted by completion of the relevant part of the voting form available via the website: www.ey.com/en_uk/eastwestinsurance in the 'Administration documents' section.

If more than five nominations are received, there may be a further decision procedure to elect the committee. A creditors' committee will be formed if there is a minimum of three creditors who would like to be on it.

Please see Appendix E of the proposals for a guide to creditors' committees which is also available here: <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/more/29111/page/1/liquidation-creditors-committees-and-commissioners/>

4.7. Where can I get further information on Administrators' fees?

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 or is available in hard copy upon written request to the Joint Administrators.

4.8. How are the Administrators' fees and expenses going to be approved?

The Joint Administrators are not asking for approval of their fees and expenses now. However, the Administrators are required to provide an estimate of their fees and expenses as part of their proposals to creditors.

If a creditors' committee is formed, it will be for the creditors' committee to approve the basis of the Administrators' fees and expenses. If a creditors' committee is not formed, the Joint Administrators will write to creditors later to seek approval.

4.9. How will I hear about the outcome on the decision on the Administrators' proposals?

A notice will be placed on the website if the Administrators' proposals are approved or if a meeting of creditors has been convened or the proposals have been rejected.

A notice will also be added to the website if a creditors' committee is formed.

Please check the website for updates: www.ey.com/en_uk/eastwestinsurance

4.10. I have submitted a claim to the claims handling team already, do I have to fill out the 'Creditors' Notice of Claim' form on the EY website?

If you have previously submitted a claim in relation to an employer's liability or building guarantee insurance policy, then you are not required to complete the 'Creditors Notice of Claim form'.

This form is only required in connection with the approval of the Joint Administrators' proposals and is separate to the claims handling process where policyholders are making claims.

4.11. I have further questions regarding the proposals, who should I contact?

If you have a query regarding the proposals, you can contact the Administrators at the following email address: EastWestInsurance@uk.ey.com