

English & American Insurance Company's scheme administrators set final scheme payment percentage at 49.6%

Tuesday 10th November 2015

The scheme payment percentage for English & American Insurance Company Limited ("EAIC") has been increased from 48% to 49.6%, effective from 2nd November 2015. This is the final increase in the scheme payment percentage.

The joint scheme administrators of EAIC, Mike Walker and Darryl Ashbourne of KPMG, stated that the additional payments will be made to all eligible scheme creditors with a net ascertained claim within the next 90 days.

Mike Walker, joint scheme administrator and restructuring partner at KPMG, commented: "We are delighted to announce our final increase in the payment percentage to 49.6%. This final increase demonstrates our commitment to distributing EAIC's assets to creditors."

EAIC entered provisional liquidation in 1993, following which a scheme of arrangement was authorised by the court.

On 6th October 2010, the High Court of Justice sanctioned a closure scheme of arrangement, which became effective and binding on EAIC and its scheme creditors on 12th October 2010, with a claims bar date on 11th April 2011.

Mike Walker continued: "The bar date for EAIC passed in April 2011, with over 1,500 claims being submitted. Since then we have been working with scheme creditors and have agreed values for all the claims submitted. Scheme claims of over \$730 million have been agreed and over \$350 million has been distributed to date to scheme creditors."

The completion of the closure scheme will occur following the distribution and encashment of final payments to closure scheme creditors. EAIC will however continue to be run off for the benefit of excluded Marsh Mac Protected Policyholders (being creditors with policies issued through the ILU between 3 July 1980 and 6 October 1983 with unagreed claims as at the closure scheme bar date), as this business was excluded from the closure scheme.

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Notes to editors:

- 1) Schemes of arrangement were provided for by Section 425 of the Companies Act 1985 and set out the rules by which the ongoing administration and management of a company are governed. These are binding upon the company and all its creditors, or any class of them, provided that a majority in number, representing three-fourths in value of the creditors or class of creditors, present and voting, either in person or by proxy at a meeting ordered to be summoned by the court, agrees to the arrangement. Schemes of arrangement are now provided for in England and Wales under Part 26 of the Companies Act 2006.
- 2) The closure scheme excluded claims for outstanding or IBNR amounts under EAIC policies signed and issued by the Institute of London Underwriters ("ILU") between 3 July 1980 and 6 October 1983. The Marsh & McLennan Companies Inc. ("Marsh Mac") secured an irrevocable letter of credit in favour of the ILU on these policies, as a result of which policyholders may be entitled to additional payments on claims, in respect of these policies, settled in the normal course. These claims were excluded as the Scheme Administrators were unable to secure an undertaking from Marsh Mac that cover from the letter of credit would attach to any contingent claims which were crystallised under the Closure Scheme. As a result, claims under Marsh Mac Protected Policies which had not already become agreed prior to the Closure Scheme Bar Date (11 April 2011) were excluded from the Closure Scheme, due to the risk that policyholders may lose the right of recourse under the letter of credit. EAIC will continue to be run-off for the benefit of creditors with unagreed claims under the Marsh Mac Protected Policies. As at 31 December 2014 the estimated value of these unagreed claims is \$14million.

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About KPMG:

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