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GFSC to launch major probe into Enterprise Insurance and its Directors

The Gibraltar Financial Services Commission has today announced a major investigation into Enterprise Insurance Company plc (Enterprise) and its board of directors. The GFSC has reason to believe that it may have been significantly and consistently misled about Enterprise's true financial position.

The extent of the financial collapse of Enterprise is unprecedented. Insurance companies must be run in a sound and prudent manner and must safeguard the interests of policyholders. The nature and extent of this insolvency demonstrates that this has not happened in this case, resulting in extensive losses with serious harm to consumers in all the countries in which Enterprise operated and to a wide range of creditors.

Our investigation will focus on the apparent failure of the board to adequately govern the company and to report the company's true financial position to the Commission. The extent of this insolvency raises major questions about the competency and integrity of the Enterprise board.

We have invited the directors who hold regulated positions in other companies to voluntarily stand down from those other positions while under investigation.

The GFSC's Director of Legal Enforcement and Policy Peter Taylor said: "The GFSC is shocked by the extent of the collapse of Enterprise. We have reason to think we may have been seriously misled. Given

the magnitude of the debt reported by the Provisional Liquidator and his view as to the serious contraventions by the company, we have major questions of the Enterprise board. The board is ultimately responsible for Enterprise's actions and owe a duty to the company and to policyholders to ensure it does not cause harm or suffer losses such as we see here. We consider it is critical for the reputation of Gibraltar to determine the extent to which any of the directors need to be held to account for what has occurred. We must get to the bottom of what has happened here and we will.

We are in the initial stages of our investigation and while we have deep and serious concerns we need to await the outcome of all our enquiries. I stress that the GFSC has not made any findings or reached any conclusions at this stage."

The detail of any GFSC investigation is confidential. Any formal action arising from our investigation in this case will be announced in due course. We will be able to discuss what has happened here following the outcome of our inquiries and any resulting formal actions.

Notes For Editors:

- 1. The GFSC is the regulator of the Gibraltar financial services market, regulating providers of financial services conducted in both Gibraltar and other jurisdictions. The GFSC's vision is to be recognised by our stakeholders as the model international financial services regulator and its mission is to provide financial services regulation in an effective and efficient manner in order to promote good business, protect the public from financial loss and enhance Gibraltar's reputation as a quality financial centre. The regulatory objectives underpin the vision and mission statement. Namely, these are the promotion of market confidence; the*

reduction of systemic risk; the promotion of public awareness; the protection of the good reputation of Gibraltar; the protection of consumers and the reduction of financial crime. The GFSC has no tolerance for individuals holding regulatory positions who are not fit and proper to do so. The GFSC is committed to ensuring that individuals are held to account for their actions.

- 2. Enterprise is an insurance company registered in Gibraltar and was authorised to write business on a freedom of services basis in the UK, France, Italy, Greece, Ireland, and Norway. It was authorised to write motor, accident and sickness, property, general liability, miscellaneous financial loss, and legal expense classes of business. It was authorised in 2004.*
- 3. On 22nd July 2016 the GFSC directed Enterprise to cease writing any new contracts of insurance.*
- 4. Enterprise went into provisional liquidation on 25th July 2016. The Provisional Liquidator, Mr Frederic White of Grant Thornton Gibraltar, was appointed to investigate the financial position of Enterprise, explore options for transfer of policies, protection of assets and any other steps that would best protect the position of policyholders. The Provisional Liquidator was required to report back to the court within 3 months.*
- 5. This morning, 26th October 2016, the Provisional Liquidator submitted his report to the Supreme Court of Gibraltar, confirming that Enterprise is insolvent with a balance sheet deficit of some £96 million. The Supreme Court of Gibraltar made an order placing Enterprise into liquidation and appointed Mr White as Liquidator.*
- 6. The GFSC Policy Statement on the Assessment of Fitness and Propriety states that where a person is the subject of matters involving insolvency in Gibraltar that raises a presumption that they are not fit and proper. Similarly the GFSC is*

particularly concerned when individuals are the subject of investigations into financial businesses or regulatory contraventions.

7. *Section 116 of the Financial Services (Insurance Companies) Act 1987 provides that where an insurer commits an offence against this Act or any regulation made thereunder, every director, controller, manager or principal Gibraltar executive of that insurer is guilty of the same offence and is liable to the same penalty, and on conviction on indictment to imprisonment for two years unless he proves:*

a. that the offence was committed without his knowledge; or

b. where the offence was committed with his knowledge:

i. that it was committed without his consent; and

ii. that he took all reasonable steps to prevent the commission of the offence and to report its commission forthwith to the Commission.

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