

## **Questions and Answers on the Proposed Transfer to EFlow Insurance Limited**

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This document is intended as a guide only and not a definitive statement of the Policyholder's rights.

## **Answers to your questions**

### **Section 1**

#### **General overview**

##### **1.1 What are the proposed changes?**

Pinnacle Insurance Plc (“Pinnacle”) proposes to transfer to EFlow Insurance Limited (“EFlow”) the non-life and non-pet insurance business (“Proposed Transfer”) carried on by Pinnacle.

The Transfer will include the motor business (including warranty and GAP) and household business.

The Transfer of the business to EFlow is to be carried out by way of a legal process known as a “Part VII Transfer” under the UK Financial and Services and Market Act 2000. The Proposed Transfer will not proceed unless an order sanctioning the scheme (the Scheme) is given by the Court.

##### **1.2 When will the Proposed Transfer happen?**

If approved by the High Court of Justice of England and Wales (the “Court”), the Proposed Transfer is scheduled to occur on 31 December 2024 (the “Effective Date”).

Any change to the expected Effective Date will be announced on the Cardiff Pinnacle website: <https://www.cardifpinnacle.com/Pinnacle-Part-VII>

##### **1.3 Which policies are transferring?**

Motor Warranty and GAP policies and MGA motor and household insurance policies written by Pinnacle between 2012 and 2022. The Transferring Policies include approximately 31,000 live Motor Warranty and GAP policies.

##### **1.4 Why is Pinnacle doing this?**

In June 2022 a transaction (the “Transaction”) was completed that resulted in Pinnacle being under new ownership. Pinnacle underwrites pet insurance cover on a “direct-to-consumers basis” as well as via aggregators and other distribution partners (the “Pet Business”). In addition, Pinnacle operates a discontinued non-pet business in motor warranty and GAP, long-term business, credit and MGA motor and household lines. Following completion of the Transaction, Pinnacle’s strategy is to focus solely on the Pet Business. As such, Pinnacle has decided to divest itself of all non-pet business. Accordingly, Pinnacle proposes to transfer its motor warranty and GAP business and MGA motor and household lines to EFlow.

## **Section 2**

### **More about EFlow Insurance Limited**

#### **2.1 Who is EFlow?**

EFlow has been licensed in Gibraltar since 2012 and is an insurance company regulated by the Gibraltar Financial Services Commission (“GFSC”) and the Financial Conduct Authority (“FCA”), subject to limited regulation by the Prudential Regulation Authority (“PRA”) and operating under the EU’s Solvency II regime.

EFlow is part of the Quest Group of companies whose ultimate parent company is Bacchus Holdings Limited. EFlow operates a well-diversified portfolio of insurance and reinsurance business with a specialism in discontinued or run-off insurance and reinsurance businesses, and outsources its business operations to specialist providers.

Further details on EFlow can be found on their website [EFlow Insurance Limited | EFlow Insurance Limited](#)

#### **2.2 How will EFlow administer my policy?**

EFlow will administer the Transferring Policies in the same way as they are currently administered by Pinnacle. Claims under the MGA Motor and Household lines will continue to be managed by the respective Managing General Agent.

Pinnacle Insurance Management Services Ltd. (PIMS), a subsidiary of Pinnacle Pet Group Limited, employs all staff which provide all services to support Pinnacle’s operations. Starting 1 January 2025 PIMS will provide services to EFlow to support the motor business (including warranty and GAP) and household business.

## **Section 3**

### **More about the Proposed Transfer process**

#### **3.1 What is the Proposed Transfer?**

The Proposed Transfer is governed by a process under Part VII of the UK Financial Services and Markets Act 2000 (FSMA) that enables portfolios of insurance policies to be moved from one insurer to another. An application must be approved by the Court before the Proposed Transfer can be effected. The FSMA requires Pinnacle and EIFlow to appoint an Independent Expert, approved by the PRA having consulted the FCA (the PRA and FCA together being the “Regulators”), who looks at the impact of the Proposed Transfer on the various groups of affected policyholders, and submits a report to the Court. Policyholders must be notified and given time to consider the proposals, and they have the right to object or raise concerns if they feel they would be adversely affected. The form of the report must be approved by the PRA having consulted the FCA.

#### **3.2 Where and when will the Court Hearing take place?**

The hearing of the application for approval of the Transfer will be at the High Court of Justice, Rolls Building, 7 Rolls Buildings, Fetter Lane, London, EC4A 1NL, UK on 9 December 2024.

You will be able to check on the Cardif Pinnacle website at:

<https://www.cardifpinnacle.com/Pinnacle-Part-VII> or by calling our dedicated helpline, free of charge when calling from the UK at:

+44 (0)800 731 7001 (open 09:00-17:00 London time on weekdays);

after this date for information about the outcome of the hearing. Each of the above opening hours excludes bank holidays and public holidays. Callers outside of these hours will be able to leave a message and request that their call is returned.

#### **3.3 What will happen at the Court Hearing?**

The Court will consider whether the Proposed Transfer adversely affects policyholders and whether it is appropriate to allow the Proposed Transfer. The judge will review the witness statements and evidence presented by Pinnacle and EIFlow, and consider the reports of the Independent Expert and the Regulators. Time will be allocated to hear any objections or concerns put forward (whether such objections or concerns are received by Pinnacle and/or EIFlow in writing, by telephone, or in person) by affected policyholders or any other person who believes that they would be adversely affected by the proposals. The judge must decide whether or not it is appropriate to approve the Proposed Transfer, taking all of the evidence into account. If the judge does approve the Proposed Transfer, then a Court Order is made and the Proposed Transfer will come into effect on the Effective Date.

#### **3.4 How will the interests of Pinnacle and EIFlow policyholders be protected?**

The process we are following is designed to ensure that the interests of all policyholders are protected. This includes engaging with our policyholders through press advertising and this mailing so that they are kept informed about our proposals and can raise any concerns or objections they may have. The Proposed Transfer is subject to approval by the Courts, which will only approve the Proposed Transfer if it is appropriate to do so.

The process requires an independent expert to be appointed to report to the Courts on the possible impact of the Proposed Transfer on policyholders. The Independent Expert has considered the terms of the Scheme and how the different groups of policyholders are likely to be affected by the Scheme and, in particular:

- the effect of the Scheme on the security of the Pinnacle and EIFFlow policyholders' contractual rights; and
- the likely effects of the Scheme on the benefit expectations of the policyholders of Pinnacle and EIFFlow.

The Independent Expert has concluded that the implementation of the Scheme will not have a material adverse effect on:

- the security of benefits of the policyholders of Pinnacle and EIFFlow, including the Transferring Policyholders;
- the reasonable benefit expectations of the policyholders of Pinnacle and EIFFlow, including the Transferring Policyholders; or
- the service standards and governance applicable to Pinnacle and EIFFlow policies, including the Transferring Policyholders.

Additionally, we have consulted with our regulators, the FCA and the PRA. We have taken their views on our proposals into account and will continue to do so until the Proposed Transfer becomes effective. Pinnacle and EIFFlow aim to treat all customers fairly and ensure that their reasonable expectations are met.

### **3.5 What can you do if you believe you may be adversely affected?**

If you believe you may be adversely affected as a result of the Proposed Transfer, then you are entitled to object or raise your concerns either in writing or by telephone in advance, or in person at the Court Hearing. You may choose to appoint legal counsel to attend the Court Hearing on your behalf.

You can:

Call our dedicated helpline, free of charge when calling from the UK, on:

+44 (0)800 731 7001 (open 09:00-17:30 London time on weekdays); and

(the above opening hours excludes bank holidays and public holidays: callers outside of these hours will be able to leave a message and request that their call is returned);

or write to us at:

Pinnacle Insurance Plc  
Pinnacle House,  
A1 Barnet Way,  
Borehamwood,  
Hertfordshire  
WD6 2XX  
United Kingdom

e-mail us at: [PinnaclePart7@bnpparibascardif.co.uk](mailto:PinnaclePart7@bnpparibascardif.co.uk)

EIFlow's existing policyholders can contact EIFlow at:

Mr Paul Hafner,  
[phafner@quest-group.co.uk](mailto:phafner@quest-group.co.uk)

c/o Quest Consulting (London) Ltd  
52-54 Gracechurch Street  
London  
EC3V 0EH  
United Kingdom

Any objections or concerns to the Proposed Transfer notified to us or EIFlow by telephone or in writing will also be included in the information supplied to the Court. Should you need any further information or if you have any questions or concerns about the Proposed Transfer or consider that you may be adversely affected then please contact us as soon as possible and preferably no later than 1 December 2024.

You may also raise objections/make representations to the UK Court directly, by writing to The High Court of Justice, Chancery List Office, Rolls Building, Fetter Lane, London EC4A 1NL. Policyholders choosing this route should clearly refer to the Proposed Transfer between Pinnacle Insurance PLC and EIFlow Insurance Limited (Gibraltar).

### **3.6 What do you mean by 'adversely affected'?**

Any types of effect on policyholders may be considered by the Court. This includes changes to the financial security of the companies involved, or changes to the administration of the Transferring Policies. If there are some changes for the worse, this does not necessarily mean that the Proposed Transfer is unfair or unreasonable, as they might be outweighed by other benefits, or they might be extremely small, or they may only occur infrequently. The Independent Expert considers the materiality of any adverse changes based on their size or likelihood of occurring and provides his conclusions in his Report.

Please refer to the enclosed summary of the Independent Expert's Report and paragraph 4.3 below for an assessment of the adverse effects of the Proposed Transfer.

### **3.7 If the Court approves the Proposed Transfer am I able to opt out?**

No, if the Proposed Transfer is approved by the Court then all policies in scope of the Proposed Transfer will transfer to EIFFlow.

### **3.8 What will happen if the Court does not approve the Proposed Transfer?**

If the Proposed Transfer is rejected, all policies will remain with Pinnacle.

If the Proposed Transfer is delayed for any reason then we will inform policyholders of this via the Cardif Pinnacle website: <https://www.cardifpinnacle.com/Pinnacle-Part-VII>. If there is expected to be a protracted delay, or the Proposed Transfer is rejected, we will also write to affected policyholders to let them know.

### **3.9 Will I be charged extra for any of this?**

No, you will not be asked to bear any costs of the Proposed Transfer. Pinnacle and EIFFlow will meet the costs and fees of carrying out the Proposed Transfer.

## **Section 4**

### **More about the Independent Expert**

#### **4.1 Who is the Independent Expert?**

The Independent Expert is Tom Ashmore of Mazars LLP.

#### **4.2 What is the role of the Independent Expert?**

Tom Ashmore has been appointed to give his opinion on the likely effect of the proposals on policyholders. His appointment has been approved by the PRA, following consultation with the FCA. His Report is impartial, based on thorough scrutiny of the proposals and the businesses of Pinnacle and EFlow. Pinnacle and EFlow have provided him with access to key staff and information that he has requested, both private and public.

#### **4.3 How do I know he is independent?**

The Independent Expert's appointment has been approved by the PRA, following consultation with the FCA, and independence is one of the criteria that the PRA and FCA use to assess his suitability. Tom Ashmore has confirmed that he has no financial interest in Pinnacle, EFlow or the group of companies to which either of them belong, nor has he ever provided any consulting services or acted in any advisory capacity to Pinnacle or EFlow or the group of companies to which either of them belong. Tom Ashmore's overriding duty of responsibility is to the Court, and not Pinnacle or EFlow. His Report must be impartial. We have included a summary of his Report with this pack, but you can download a full copy of the Independent Expert's Report at the Cardif Pinnacle website: <https://www.cardifpinnacle.com/Pinnacle-Part-VII>. If you would like a paper copy sent to you then please contact us on the details set out section 3.5 above.



## **Section 5**

### **Will there be any changes to my policy?**

#### **5.1 Who do I contact after the Proposed Transfer for a query on my policy or to make changes?**

The administration of your policy will not change as a result of the Proposed Transfer. For a period of at least one year after the Effective Date, you should continue to contact your normal contact at Pinnacle for Motor Warranty, or GAP, or household claims and any queries on your policy.

#### **5.2 Will there be any changes to premiums I pay?**

No changes will be made to your premium as a result of the Proposed Transfer.

#### **5.3 Are there any changes to the terms and conditions of my policy?**

The Proposed Transfer will not change the terms and condition of your policy or the payments that you receive if you have a claim.

#### **5.4 Are there any other changes I should be aware of as result of the Proposed Transfer?**

### **Financial Services Compensation Scheme**

In the event of the insolvency of Pinnacle, if you meet the relevant eligibility criteria, you currently have recourse to the Financial Services Compensation Scheme (the FSCS) to have any claim you bring under your policy paid. The FSCS is a company limited by guarantee, with statutory backing, which provides compensation to customers of authorised financial institutions (such as banks and insurers) in the event the institution is in default (meaning unable to pay).

If the Scheme is approved, and your policy is transferred to EIFlow, we understand that you will still have recourse to the FSCS in the event of EIFlow's insolvency, as all Transferring Policies were issued by a UK regulated insurer.

The Independent Expert has considered this issue in his Report at paragraphs 8.3.2 to 8.3.4.

### **Financial Ombudsman Service**

In addition, in the event of a dispute with Pinnacle, if you meet the relevant eligibility criteria, you currently have recourse to the UK Financial Ombudsman Service (the FOS) which provides a free, independent services for resolving disputes. The eligibility criteria for this services is similar to that applying to the FSCS. Transferring Policyholders will no longer have access to the FOS.

It is possible for Gibraltar based firms to subscribe to the UK's FOS via a voluntary jurisdiction process. EIFlow submitted a formal application to join the FOS in March 2024 which was approved in May 2024. EIFlow will therefore be required to comply with the FCA's rules on complaints handling and will be required to follow the FOS's decision on the resolution of any complaints.

The Independent Expert has considered this issues in his Report at paragraphs 8.3.5 to 8.3.8 (inclusive).

## Section 6

### Final comments

#### 6.1 I can't find the answer to my questions in this booklet. Where can I find out more?

We hope that the information provided has helped you to understand the proposals. Pinnacle and EIFlow have published further information on the Cardif Pinnacle website: <https://www.cardifpinnacle.com/Pinnacle-Part-VII>. There you can download a full version of the legal terms of the Proposed Transfer, the full Report of the Independent Expert, and the policyholder communications pack. Alternatively call us on the dedicated helpline below and we will send you this information.

Pinnacle and EIFlow have set up a dedicated helpline for customers who have questions or wish to raise concerns or objections related to the Proposed Transfer (free of charge when calling from the UK):

+44 (0)800 731 7001 (open 09:00-17:30 London time on weekdays);

(the above opening hours excludes bank holidays and public holidays: callers outside of these hours will be able to leave a message and request that their call is returned).

Existing EIFlow policyholders can contact EIFlow on the following dedicated email address:

[Elflowpinnacle@Quest-group.co.uk](mailto:Elflowpinnacle@Quest-group.co.uk)

You can also write to us at:

Pinnacle Insurance Plc  
Pinnacle House,  
A1 Barnet Way,  
Borehamwood,  
Hertfordshire  
WD6 2XX  
United Kingdom

or e-mail us at: [PinnaclePart7@bnpparibascardif.co.uk](mailto:PinnaclePart7@bnpparibascardif.co.uk)

We will also publish on the Cardif Pinnacle website copies of any Supplementary Reports that the Independent Expert writes before the Court Hearing date.

**If you think that you may be worse off as a result of the Proposed Transfer please see sections 3.4 to 3.6 above or turn to the Legal Notice within this pack for information about how to make your objection or concern known to us.**

#### 6.2 How will I know if the Proposed Transfer has been approved?

We will announce the outcome of the Court application on the Cardiff Pinnacle website: <https://www.cardifpinnacle.com/Pinnacle-Part-VII> following the Court Hearing commencing on 9 December 2024. Any changes or information on the progress of the Proposed Transfer will also be announced on this website. You should check this website for any changes or updates or otherwise call our dedicated helpline set out at section 6.1 above.

If the application is successful then the Proposed Transfer should take place on the Effective Date (expected to be 31 December 2024).

### **6.3 What should I do now?**

You should carefully read and consider the information in this booklet and the accompanying letter.

Once you have done that, you should consider whether you think you may be adversely affected by the Proposed Transfer or have any concerns. If you do consider you may be adversely affected or have other concerns, your options are set out in the answer to **Question 3.4** above.

**If you are satisfied with the Proposed Transfer you don't need to do anything else.**

If you would like more detailed information on the Proposed Transfer, you can download the following documents from our website: <https://www.cardifpinnacle.com/Pinnacle-Part-VII> Alternatively, you can request copies of those documents or ask questions using the contact details at Question 6.1.

### **6.4 What is the expected timetable?**

|  |                  |
|--|------------------|
| Directions Hearing   | 22 July 2024     |
| Start of mailings  | 5 August 2024    |
| Conclusion of mailings   | 30 August 2024   |
| End of the period for policyholders to consider the impact of the Proposed Transfer and object if they wish to do so | 1 December 2024  |
| Sanctions Hearing  | 9 December 2024  |
| Effective Date   | 31 December 2024 |

## **Glossary**

**Pinnacle** means Pinnacle Insurance Plc.

**EIFlow** means EIFlow Insurance Limited.

**Court** means the High Court of Justice and England and Wales.

**Court Hearing** means the Hearing at the High Court of Justice in England and Wales at which the final decision to approve or disapprove the Scheme is made.

**Court Order** the order of the Court sanctioning the Scheme.

**Effective Date** means 31 December 2024, the date on which the Scheme is expected to become effective (subject to the approval of the Court). Any change to the date of the Proposed Transfer will be announced on the Cardiff Pinnacle website.

**FCA** means the Financial Conduct Authority, which has objectives to protect consumers of financial services, to protect and enhance the integrity of the UK financial system and to promote effective competition in the interests of consumers.

**FSMA** means the UK Financial Services and Markets Act 2000.

**Independent Expert** means Tom Ashmore of Mazars LLP who has been appointed, with the approval of the Regulators, to produce the Report.

**PRA** means the Prudential Regulation Authority, which is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms in the UK.

**Regulator(s)** means the applicable regulator(s) of the UK insurance industry. This refers to, as the context requires, the PRA, the FCA or both.

**Report** means the Scheme report produced by the Independent Expert under the requirements of the FSMA, reflecting the guidance provided by SUP 18.2 of the FCA's Handbook, FG18/4: The FCA's Approach to the review of Part VII insurance business transfers and the PRA's Statement of Policy on insurance business transfers.

**Supplementary Report** means a report, produced in advance of the Court Hearing, to consider the impact on the Independent Expert's conclusions of events that have happened subsequent to the issue of his initial Report.

**Proposed Transfer** means the legal transfer of the Transferring Policies from Pinnacle to EIFlow.

**Transferring Policies** means the Pinnacle policies transferring to EIFlow under the Scheme.

**Transferring Policyholders** means the holders of Transferring Policies.

**Summary of the Scheme and the Independent Expert's Report** (enclosed)

**Legal Notice** (enclosed)