

Scheme Management – Timebar review

Client description

- EAUA Pools (Marine, Aviation and Non Marine), multiple lines of business placed 1954 to 1992
- 19 solvent and insolvent companies

The client's requirements

- Certain legal systems provide for limitation periods in which an action has to be brought. Under English law, Section 5 of the Limitation Act 1980 states: 'An Action founded on simple contract shall not be brought after the expiration of six years from the date on which the cause of action accrued'
- Unpaid balances were held on the inward ledger which EAUA pool participants could potentially invoke 'timebar'

Our solution

- Conducted a review to identify balances subject to 'timebar' defence, considering:
 - Values that would fall over 6 years old within the next 12 months
 - Creditors with a Standstill agreement in place, which may have reduced the use of 'timebar' as a defence to claims payments
- Recommended that identified balances were 'written back' on the ledger, and a provision made in the accounts for the balances to ensure transparency

Value delivered

- Total net saving of \$4.2 million for the clients
- Equivalent cost of review represented less than 1% of savings realised