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1. This note summarises the history of notifications and updates to the Post Office Ltd's D&O insurers on its 2012/2013 D&O Policy (the "**Policy**") in respect of claims and/or potential claims arising out of the Post Office's use of the Horizon IT system.

Formation of 'Justice for Subpostmasters Alliance' in c.2009

2. [The Post Office is not aware that any] [Note: Rod to confirm] notification of circumstances was made in c.2009 upon the formation of the 'Justice for Subpostmasters Alliance' group or upon receipt of the four letters before claim sent by Shoosmiths LLP on behalf of some of the subpostmasters. See paragraph [7] below.

Original notification in 2013

3. The original notification of circumstances was made by Stuart Corney of JLT by email on 9 September 2013 (having liaised with the Post Office's other broker Miller Insurance) to Chartis (now and here "**AIG**", Primary layer insurers), Liberty, HCC, RSA, Chubb, and ACE (variously excess layer insurers, collectively with AIG, "**All Insurers**"). The notification of circumstance attached a note from the Post Office's then-solicitors Bond Dickinson "*...outlining the risks presented by the recent investigation into the "Horizon" IT system used in Post Office branches.*" This was provided to Insurers as a notice of a potential claim and/or claims. A copy of Mr Corney's email and the note sent to AIG is attached at Appendix 1.
4. The notification stated that the potential problems with Horizon could give rise to civil claims against the Post Office and also against individual directors and officers. Whilst the notification considered that a successful claim would be "*unlikely*" and at present "*would not appear to have any merit*", the notification was clear that it was possible that directors and officers could be caught up in litigation regarding these issues.
5. The notification confirmed that no claims against individual directors and officers had thus far been intimated.
6. AIG acknowledged receipt of the notification on 11 September 2013 (see Appendix 1A) and responded with comments on 30 October 2013, noting that there was a risk that claims could be made against the Post Office or its directors and officers and accepting the

notification as a notification of a circumstance that could give rise to a claim under the Policy. The full response is at Appendix 1B.

7. AIG requested confirmation from JLT of whether the letters of claim and proceedings brought by Shoosmiths on behalf of some of the subpostmasters had been notified to the relevant policy at the time. AIG confirmed that its acceptance of this matter did not include those claims, but did not otherwise reserve its rights (nor did any of the other Insurers). It is not clear whether any response was provided to these queries. In any event neither AIG nor All Insurers have taken a point on this issue.

Evidence to the BIS Select Committee in 2015

8. No updates were provided to Insurers based on the Post Office's evidence at the Business Innovation and Skills Select Committee in 2015.

Update in 2016

9. The notification of circumstances was updated to All Insurers in July 2016 by JLT. A copy of the update is attached at Appendix 2.
10. In relation to potential claims against individual directors and officers, the update confirmed that there was no suggestion of nor had been any intimation of civil claims against individuals.
11. However, the update reminded Insurers that such claims were "*certainly foreseeable*".
12. There was a hiatus in updates to the notification of circumstances and it is understood that at least AIG and possibly All Insurers closed their files (although they were neither requested nor invited to do so by the Post Office).

Update in 2019

13. Lockton became the broker of record in August 2019 (see letter at Appendix 3) and, having reviewed the position and the hiatus in updates, made a further update to the notification of circumstances to All Insurers in October 2019.
14. This update confirmed that there was currently no suggestion of claims being brought against individual directors or officers, but reminded Insurers that such claims were conceivable. The copy of the update note is at Appendix 4.
15. AIG has reopened its earlier claims files, and indicated in an email on 10 October 2020 indicated that they would continue to monitor the matters and that they continued to treat these matters as circumstances notified to the Policy:

"According to our records, this is the first update provided to AIG since 2016, which then informed of a possible group action against the Post office; no further updates

were provided to AIG, despite frequent requests, so our file was subsequently closed in December 2017 due to inactivity. Having now reopened our file and [briefly] reviewed the note provided to Insurers that was prepared in September, we note the procedural developments / trial activity and also that at present, "there is currently no suggestion that civil claims will be brought against individual Post Office's directors and/or key managers". Assuming that this is still the case, we anticipate that you are merely bringing these developments to our attention purely for information purposes, in case any Insured Person(s) are subsequently involved. No doubt you will advise if we have misunderstood the position.

We would be grateful if you could please ensure that we are kept fully apprised of developments on this matter going forward and, particularly in the event that allegations are made against any Insured Person (at which stage, we will need to consider policy coverage further). Please remind the Insured that, in accordance with the provisions of the policy, no legal/defence costs should be incurred without Insurers' prior consent.

We look forward to hearing from you, in the meantime, please note that nothing in this correspondence should be construed as a waiver of any Policy terms, conditions and/or exclusions that may be deemed to apply unless expressly stated by AIG."

Conference call with Insurers [Note: Rod to confirm/review]

16. On [date] January 2020, the Post Office and its current broker Lockton held a conference call with Insurers to update them further. Representatives from AIG and All Insurers (Liberty, Chubb (having acquired ACE), RSA, and Tokio Marine HCC) joined the call for the update.
17. No Insurer has taken any point on notification or that they have not been adequately updated of these matters. No reservation of rights is in place.
18. During the update call, Insurers were updated on:
 - a) [the position in respect to the claims against the Post Office;
 - b) the position in respect of individual directors, i.e. that no claims had been intimated against any individual; and,
 - c) the recent press coverage around Mrs Vennells. No further information was requested or given in respect of Mrs Vennells.]
19. Further updates will be provided to insurers from time to time as developments require. .