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IN THE HIGH COURT OF JUSTICE
(ENGLAND & WALES)

Claim No. 3637 of 2005

CHANCERY DIVISION

COMPANIES COURT

Mr Justice MAHN

25 May 2006

THURSDAY THE 25 DAY OF MAY 2006

IN THE MATTER OF QBE REINSURANCE (UK) LIMITED

AND

IN THE MATTER OF THE COMPANIES ACT 1985

ORDER

UPON THE PETITION of QBE Reinsurance (UK) Limited (the "**Company**"), a company incorporated in England and Wales with registered number 01378853 and whose registered office is situated at Plantation Place, 30 Fenchurch Street, London EC3M 3BD, acting by its directors

AND UPON HEARING Counsel for the Company

AND UPON READING the Second Witness Statement of Caroline Mary Silverman dated 24 February 2006, the Third Witness Statement of Caroline Mary Silverman dated 24 February 2006, the Fourth Witness Statement of Caroline Mary Silverman dated 24 May 2006, the Witness Statement of Paul Martin Murray dated 23 February 2006, the Exhibits referred to in those Witness Statements, the Chairman's Report dated 24 February 2006 and the Report of the Proposed Scheme Actuary dated 23 February 2006.

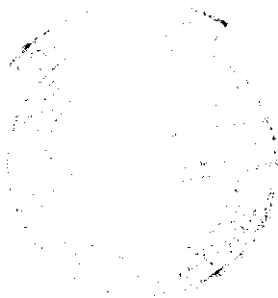
IT IS ORDERED THAT:

1. strict compliance with the requirements of paragraphs 3(b), 4 and 5(b) of the Order of Registrar Simmonds dated 22 December 2005 be waived.
2. the Scheme of Arrangement pursuant to section 425 of the Companies Act 1985, a copy of which is annexed ^{hereto} to the Petition herein, between the Company and its Scheme Creditors is hereby sanctioned.

3. the Company do deliver an office copy entry of this Order to the Registrar of Companies.

Dated: 25 May 2006

CRM
25/5/06



SECTION II: THE SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE (ENGLAND & WALES)
CHANCERY DIVISION
COMPANIES COURT

Claim No. 3637 of 2005

IN THE MATTER OF QBE REINSURANCE (UK) LIMITED
(formerly, Allstate Reinsurance Co. Limited)

and

IN THE MATTER OF THE COMPANIES ACT 1985 OF GREAT BRITAIN

SCHEME OF ARRANGEMENT

(pursuant to s425 of the above-mentioned Companies Act 1985)

between

QBE REINSURANCE (UK) LIMITED

(formerly, Allstate Reinsurance Co. Limited)

(referred to in the Scheme of Arrangement as, the "Company")

and its

(1) SCHEME CREDITORS IN RESPECT OF THEIR AGREED LOSSES AND/OR OUTSTANDING LOSSES

and

(2) SCHEME CREDITORS IN RESPECT OF THEIR IBNR (INCURRED BUT NOT REPORTED) CLAIMS (as each of those terms is defined in the Scheme of Arrangement)

in respect of the Company's "Zug Branch Business"
(as defined in the Scheme of Arrangement)

The Company's Zug Branch Business comprises only those liabilities under:

- (a) such of the contracts and policies of reinsurance, ~~and retrocession and insurance~~ entered into by Allstate Insurance Company through its office at Skokie or Northbrook Illinois, USA between 1959 and 1968, which underlying contracts and liabilities were transferred:
 - (i) to Altstadt Versicherungs AG; and
 - (ii) subsequently to the Company (then Allstate Reinsurance Co. Limited); and
- (b) such of the contracts and policies of reinsurance, ~~and retrocession and insurance~~ entered into by Altstadt Versicherungs AG through its office at Gotthardstrasse 3, Postfach, 6302 Zug, Switzerland between 1968 and 31 December 1982, which underlying liabilities were transferred to the Company (then Allstate Reinsurance Co. Limited); and
- (c) all contracts and policies of reinsurance, ~~and retrocession and insurance~~ entered into by the Company (then Allstate Reinsurance Co. Limited) through its branch office at Gotthardstrasse 3, Postfach, 6302 Zug, Switzerland between 1 January 1983 and 31 December 1992.

encl. to vema 7.06.02.0

The run-off of the Zug Branch Business has been administered on behalf of the Company by:

- General Reinsurance Corporation (Europe), through its office at Zuercherstrasse 68, 8800 Thalwil, Switzerland from 1 January 1993 to June 1998 and
- QBE Reinsurance (Europe) Limited, through its office at 6th Floor, St Stephen's Green House, Earlsfort Terrace, Dublin 2, Ireland from June 1998 to the present date.

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SCHEDULE: CLAIM FORM AND CLAIM FORM GUIDANCE NOTES

PART 1: PRELIMINARY

1. DEFINITIONS

In the Scheme, unless the context otherwise requires or otherwise expressly provides, the following expressions shall bear the meanings set opposite them:

"Act"	the Companies Act 1985 of Great Britain;
"Admissible Interest"	any liability in respect of interest due and payable in relation to a Scheme Claim, whether by reason of contract, statute or any other relevant law;
"Agreed Losses"	In respect of a Scheme Creditor, any Scheme Claim (or part thereof) where liability and amount have been agreed by or on behalf of the Company and the Scheme Creditor (and such agreement has been communicated in writing to the Scheme Creditor) but, in respect of which, as at the Effective Date, the Company has not made payment in full to the Scheme Creditor;
"Allstate"	Allstate Insurance Company;
"Altstadt"	Altstadt Versicherungs AG;
"Bar Date"	5.00 p.m. (London Time) on such day falling 90 days after the Effective Date (not counting that date) or, if that date does not fall on a Business Day, on the first Business Day thereafter;
"Board"	the board of directors of the Company from time to time;
"Business Day"	any day (other than a Saturday or Sunday) on which banks are open for business in the City of London in the United Kingdom;
"Claim Form"	the claim form in the form set out in the Schedule to the Scheme (or substantially similar thereto) which is to be made available to Scheme Creditors through the Website in accordance with sub-Clause 17.2(b) or, if appropriate, sent to Scheme Creditors in accordance with sub-Clause 17.3;
"Claim Form Guidance Notes"	the guidance notes accompanying the Claim Form in substantially the same form as appears in the Schedule to the Scheme;
"Common Liability"	any liability (including, but not limited to, any liability for compensatory damage, consequential

damage, contractual damage, extra-contractual damage and damage provided for under statute or other law) arising under or otherwise in connection with a contract (whether of reinsurance, retrocession, insurance or otherwise) made between the Company, a Scheme Creditor and one or more Co-(Re)insurers (whether by way of a single multi-lateral contract or by way of a number of contracts, on substantially identical terms, made variously between the Company, the Scheme Creditor and one or more Co-(Re)insurers), such that the Company's and the Co-(Re)insurers' rights and liabilities under the said contract relate to the same layer of cover (where the contract in question is of reinsurance, retrocession or insurance and where the risk giving rise to the liability is insured in layers) and are substantially identical, whether they are joint, several or differing in quantum;

"Company"

QBE Reinsurance (UK) Limited, a company incorporated in England and Wales with registered number 01378853, whose registered office is at ~~4th Floor Corn Exchange, 55 Mark Lane, London EC3R 7NE, United Kingdom, (and whose address for all purposes connected to the Scheme is 6th Floor, St Stephen's Green House, Earlsfort Terrace, Dublin 2, Ireland) is at Plantation Place, 30 Fenchurch Street, London EC3M 3BD, United Kingdom;~~

"Co-(Re)insurer"

any reinsurer which co-reinsures with the Company or any insurer who co-insures with the Company in respect of a (Re)insurance-Contract;

"Delegatee"

any person to whom an Officeholder may delegate any of his powers, rights, duties or functions under the Scheme in accordance with sub-Clause 31.7;

"Disputed Matters"

any dispute between the Company and a Scheme Creditor (whether as to law, fact, liability or amount) relating to a Notified Scheme Claim or Notified Offset Amount (or any part thereof), which is referred to the Scheme Adjudicator in accordance with sub-Clauses 21.1 to 21.3 and any disputed matter referred to in sub-Clauses 8.3, 23.6 and 25.2;

"EC Treaty"

the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and as amended by the Treaty of Amsterdam (signed in Amsterdam on 2 October

	1997), as further amended from time to time;
"Effective Date"	the date on which the Scheme becomes effective in relation to the Company in accordance with sub-Clause 39.1;
"Electronic Form"	by facsimile or by email in accordance with Clause 43;
"Employee"	a person (including, for the avoidance of doubt, a director) with the exception of the Officeholders, who is engaged under a contract of service or contract for services by the Company, QBE Reinsurance (Europe) Limited, QBE Management (UK) Limited or any other subsidiary of QBE Insurance Group Limited, in connection with the performance or exercise of the Company's powers, rights, duties or functions under the Scheme;
"English Court Order"	the Order of the English Court sanctioning the Scheme in relation to the Company under s425 of the Act;
"English Court"	the High Court of Justice of England and Wales;
"Euro"	the lawful currency of the Member States of the European Union that have adopted, or at some time in the future may adopt, the single currency in accordance with the EC Treaty;
"Euro Precursor Currency"	shall mean the national currency units of the participating Member States set out in Article 1 of Council Regulation (EC) No. 974/98 (as amended by Council Regulation (EC) No. 2596/2000) as those units are defined on the day before the start of the third stage of economic and monetary union or, as the case may be, the lawful currency of the relevant new Member State in force on the day before the Euro is substituted for the currency of a Member State which adopts the Euro at a later date;
"EURIBOR"	(a) the percentage rate per annum equal to the offered quotation which appears on the page of the Telerate Screen which displays an average rate of the Banking Federation of the European Union for the Euro (currently page 2480) for 3 (three) months at 11.00 a.m. (Brussels time) on the quotation date or, if such page or service ceases to be available, such other page or other service for the purpose of displaying an average rate of the

Banking Federation of the European Union agreed by the parties; or

- (b) if no quotation for the relevant period is displayed and the parties have not agreed an alternative service on which a quotation is displayed, the arithmetic mean (rounded upwards to four decimal places) of the rates at which each of the Reference Banks was offering to prime banks in the European interbank market deposits in the Euro of an equivalent amount for such period at 11.00 a.m. (Brussels time) on the quotation date;

"Explanatory Statement"

the statement dated ~~9 June 2005~~ 22 December 2005 (and the appendices thereto) explaining the effect of the Scheme in compliance with s426 of the Act;

"IBNR"

in respect of a Scheme Creditor, a Scheme Claim (or part thereof) in respect of a liability which;

(a) as at the Effective Date, has been incurred by the Company but which has not at that date been reported to the Company by the relevant Scheme Creditor, and/or

(b) relates to all or part of the Agreed Losses and/or Outstanding Losses of a Scheme Creditor where it is appropriate for that Scheme Creditor to adjust the value of its Scheme Claim in respect of such Agreed Losses and/or Outstanding Losses to reflect its best estimate of the development of such Scheme Claim to their ultimate estimated value (but for the avoidance of doubt, such Scheme Claim shall not include any element of double counting in respect of the amount of such Agreed Losses and/or Outstanding Losses);

for the avoidance of doubt, Scheme Claims in respect of IBNR, to the extent which they are Notified Scheme Claims, are debts of the Company as at the Bar Date (provided that any entitlement to payment in respect of such Notified Scheme Claims (if any) shall be determined in accordance with Parts 3 and 4) and any increase or release after the Bar Date will be an increase or release within the Scheme;

"liability"

any obligation or liability of a person, whether it is present, future, prospective or contingent, whether or not its amount is fixed or liquidated, whether or

not it involves the payment of money, and whether it arises at common law, in equity, by statute or by any relevant law in any jurisdiction or in any other manner whatsoever, provided that such expression does not include any obligation or liability which is barred by statute or is otherwise unenforceable. For the avoidance of doubt, where any obligation or liability under a contract or policy is void or, being voidable, has been duly avoided, no obligation or liability shall arise for the purposes of this Scheme;

"Net Established Liability"

in respect of a Scheme Creditor (which, for the avoidance of doubt, shall include a Net Offset Scheme Creditor, where appropriate) the amount calculated by the Company in respect of that Scheme Creditor under sub-Clause 23.1(d), or, if different, the amount agreed or adjudicated in accordance with sub-Clauses 23.5 to 23.7 (as the case may be);

"Net Offset Scheme Creditor"

any person whose Net Statement calculated by the Company under Clause 23 shows, under sub-Clause 23.1(d), a negative amount (that is, an amount which is less than zero) or, if different, any negative amount agreed or adjudicated in accordance with sub-Clauses 23.5 to 23.7 (thereby denoting a liability to make a payment to the Company by the relevant Scheme Creditor in that amount under sub-Clause 23.2);

"Net Statement"

a statement produced by the Company (or, if relevant, the Scheme Adjudicator) in accordance with Clause 23 setting out a Scheme Creditor's Net Established Liability;

"Notified Offset Amount"

any Offset Amount in respect of a Scheme Creditor (which, for the avoidance of doubt, shall include a Net Offset Scheme Creditor) which has been notified or (under sub-Clause 19.2) deemed to have been notified by that Scheme Creditor to the Company on a Claim Form so as to be received by the Company before the Bar Date in accordance with sub-Clause 18.3;

"Notified Scheme Claim"

any Scheme Claim in respect of a Scheme Creditor (which, for the avoidance of doubt, shall include a Net Offset Scheme Creditor) which has been notified or, in respect of Agreed Losses only, deemed to have been notified, by that Scheme Creditor to the Company on a Claim Form so as to be received by the Company before the Bar Date in

accordance with sub-Clause 18.3 and (if appropriate) sub-Clause 18.9 and/or (in respect of Agreed Losses only) sub-Clause 15.4;

"Officeholder"

any person in his capacity as a Scheme Adviser, Scheme Actuary or Scheme Adjudicator (or any one or more of them, as appropriate);

"Offset Amount"

in respect of a Scheme Creditor:

- (a) any liability of that Scheme Creditor to the Company which is due, as at the Effective Date (whether or not as reinsurer, retrocessionaire or insurer under a contract of reinsurance, retrocession or insurance) and including (but without limitation) any premium or other amount retained by or due from that Scheme Creditor in respect of or under the terms of any (Re)insurance Contract, together with, in each case, any interest thereon as may be allowable by law;
- (b) any available set-off, counterclaim or cross-claim which, as at the Effective Date, the Company may have against that Scheme Creditor under Clause 12; and
- (c) any available Security which, as at the Effective Date, that Scheme Creditor has the benefit of or is entitled to under Clause 11,

in each case, as the same arises out of or in connection with any (Re)insurance Contract to which that Scheme Creditor is a party;

"Outstanding Losses"

in respect of a Scheme Creditor, a Scheme Claim (or part thereof) in respect of a liability which, as at the Effective Date, has been notified to the Company by the Scheme Creditor but which has not, at that date, become an Agreed Loss; for the avoidance of doubt, Scheme Claims in respect of Outstanding Losses, are debts of the Company as at the Bar Date (provided that any entitlement to payment in respect of such Scheme Claims (if any) shall be determined in accordance with Parts 3 and 4) and any increase or release after the Bar Date will be an increase or release within the Scheme;

"pdf"

portable document format;

"Post"

delivery by pre-paid first class post or pre-paid air mail;

"Proceedings"

any action, step or other legal proceeding in any jurisdiction including, without limitation: (i) any suit, demand, arbitration, alternative dispute resolution procedure, judicial review, adjudication, mediation, execution, seizure, distraint, forfeiture, re-entry or lien; (ii) any step taken for the purpose of creating or enforcing a lien, enforcement of judgment or enforcement of any Security; (iii) any other judicial, quasi-judicial, administrative or other regulatory process, in each case of (i) to (iii), whether against the Company or its Property; or (iv) any liquidation (compulsory, voluntary or provisional), administration (whether commenced by court order or otherwise), compromise or arrangement with creditors or analogous insolvency or bankruptcy proceedings in any jurisdiction whatsoever;

"Property"

all forms of property and obligations (including money, goods, things in action, land and every description of property whatsoever and wherever situated) and every description of interest, whether present, future, vested or contingent or arising out of or incidental to, property;

"Reference Banks"

the principal London offices of Lloyds TSB Bank Plc, Barclays Bank PLC and HSBC Bank Plc or such other banks agreed between the parties from time to time;

"(Re)insurance Contract"

a contract or policy of reinsurance, ~~or retrocession~~ ~~or insurance~~ of any kind whatsoever entered into by or on behalf of the Company or in relation to which the Company has assumed any liability, to the extent (but only to the extent) such contract, policy or liability comprises part of the Zug Branch Business but, for the avoidance of doubt, shall exclude any contract or policy of reinsurance, ~~or retrocession~~ ~~or insurance~~ or other agreement or arrangement with Allstate and/or Altstadt under or in connection with which the Company may have assumed any liabilities comprising the Zug Branch Business;

"Relevant Broker"

any (re)insurance broker or other agent (including, to the extent the Company is aware of their identity, their successor), which to the knowledge of the Company was responsible for placing reinsurance; ~~and/or retrocession and/or insurance business~~

comprising the (Re)insurance Contracts;

"Relevant Rate of Exchange"

- (a) in respect of each of the Euro Precursor Currencies listed in paragraphs (i) to (xii) below, the rate of exchange as between that currency and the Euro as set out below:

(i)	Belgian francs	BEF 40.3399
(ii)	German marks	DEM 1.95583
(iii)	Greek drachmas	GRD 340.750
(iv)	Spanish pesetas	ESP 166.386
(v)	French francs	FRF 6.55957
(vi)	Irish pounds	IEP 0.787564
(vii)	Italian lire	ITL 1936.27
(viii)	Luxembourg francs	LUF 40.3399
(ix)	Dutch guilders	NLG 2.20371
(x)	Austrian schillings	ATS 13.7603
(xi)	Portuguese escudos	PTE 200.482
(xii)	Finnish markkas	FIM 5.94573

or

- (b) in respect of any other Euro Precursor Currency which may (by virtue of the adoption of the Euro by the relevant new Member State) come into existence after the Effective Date, the relevant rate of exchange between the relevant former national currency and the Euro specified in the relevant enactment or other legislative provision;

or

- (c) in respect of any currency not listed in paragraph (a) or (b) above, the rate of exchange as between that currency and the Euro (or, where relevant, as between the two respective currencies) either (i) specified in the (Re)insurance Contract to which the Notified Scheme Claim or (if appropriate)

Notified Offset Amount relates or (ii) if there is no such rate specified, at the rate of exchange published in the Financial Times for the purchase of the currency into which the sum is to be converted at close of business (London time) on the date specified in the relevant provision of the Scheme or, if no such rate is published in the Financial Times in respect of that currency on that date, at the rate of exchange for the purchase of that currency on such date quoted by Lloyds Bank plc, or, if no such rate is so published or quoted, such rate as may reasonably be determined by the Company;

"Scheme"

this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the English Court in accordance with sub-Clause 40.1;

"Scheme Actuary"

Paul Martin Murray, an actuary in the actuarial firm of EMB Consultancy LLP, Saddlers Court, 64-74 East Street, Epsom, Surrey KT17 1HB, England, United Kingdom, as the initial Scheme Actuary, or such other person as may be appointed as a successor to the Scheme Actuary in accordance with sub-Clause 31.6;

"Scheme Adjudicator"

Christopher Hayes Shaw Burbidge, whose Curriculum Vitae is at Appendix (iii) to the Explanatory Statement, as the initial Scheme Adjudicator or such other person as may be appointed as a successor to the Scheme Adjudicator in accordance with sub-Clause 31.6;

"Scheme Advisers"

Paul Anthony Brereton Evans and Mark Charles Batten, both partners in the United Kingdom firm of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT, England, United Kingdom or such other person or persons as may be appointed as Scheme Adviser or Scheme Advisers in accordance with sub-Clause 31.6 and, in the Scheme, "Scheme Advisers" means each and any of them;

"Scheme Claim"

any claim against the Company by a Scheme Creditor in respect of a liability under or in relation to a (Re)insurance Contract, which such liability is in existence at the Effective Date or which may come into existence after the Effective Date by reason of an obligation incurred before that date; for the avoidance of doubt, a Scheme Claim becomes a

	debt as at the Bar Date provided that it is a Notified Scheme Claim;
"Scheme Creditor"	a creditor of the Company in respect of a Scheme Claim (and such expression includes a Net Offset Scheme Creditor and an assignee or other person entitled to claim or who does claim in succession to or in substitution for any such Scheme Creditor in respect of the same Scheme Claim);
"Scheme Creditors' Meetings"	the meetings of Scheme Creditors convened by the Company with the leave of the English Court on 27 July 2005 <u>February 2006</u> under s425 of the Act to consider and, if thought appropriate, approve (with or without modification) the Scheme;
"Scheme Period"	the period beginning on the Effective Date and ending on the Termination Date;
"Security"	any valid mortgage, charge, lien, assignment by way of security, other security interest over the Company or Property of the Company or bond given by the Company in respect of (and insofar as it relates to) a Scheme Claim or in Proceedings in relation to a Scheme Claim or any valid letter of credit or trust and/or guarantee issued to or for the benefit of a Scheme Creditor in respect of (and insofar as it relates to) a Scheme Claim;
"Supporting Information"	<p>all relevant information and documentation (including the identity of the Scheme Creditor concerned, the Scheme Creditor's own specific estimates of any liabilities, where appropriate, and any information and appropriate documentation required under sub-Clause 18.7) to be supplied to the Company and/or the Scheme Adjudicator in accordance with Clauses 18, 19 and 21 (as appropriate) in support of a Scheme Creditor's Notified Scheme Claims and/or Notified Offset Amounts, and as required by the Claim Form and the Claim Form Guidance Notes (including in support of any element of net present value discounting relating to IBNR) and, in addition, the term "Supporting Information" includes any information supplied by the Company to a Scheme Creditor in support of the amounts of:</p> <p>(a) Agreed Losses, provided by the Company, pursuant to sub-Clause 15.4 and/or</p> <p>(b) Offset Amounts which the Company states</p>

the Scheme Creditor owes to the Company or must account for in favour of the Company pursuant to sub-Clause 19.2

in each case for the purpose of agreeing or (if necessary) adjudicating those amounts under Clauses 19 and 21, respectively;

"Suspended Scheme Claim"

any Notified Scheme Claim and any Notified Offset Amount which, pursuant to Clause 20, the Company has suspended from the procedure of agreeing and determining Notified Scheme Claims and/or Notified Offset Amounts under Part 3;

"Tax"

any form of taxation, levy, duty, charge, contribution, withholding, or impost of whatever nature (including any related fine, penalty, surcharge or interest) imposed, collected or assessed by or payable to any Tax Authority;

"Tax Authority"

any government, state, municipality or any local state, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world (including in the United Kingdom, without limitation, HM Revenue & Customs);

"Termination Date"

the day upon which the Scheme terminates in accordance with Parts 6 and 7;

"Unclaimed Balance"

amounts represented by:

- (a) any telegraphic transfer of funds under Clause 28 that, for whatever reason, cannot be completed so as to credit the account of the intended recipient; or
- (b) any cheque issued under Clause 28 that has not been presented for payment by its payee before it expires, or which it is proved to the satisfaction of the Company to have been lost by its payee and will not be presented before it expires;

"United Kingdom"

Great Britain and Northern Ireland;

"USA"

United States of America;

"Valuation Date"

the date by reference to which Outstanding Losses and IBNR will be valued in accordance with the Scheme, being 31 December 2004;

"Website"

the website at www.zuginsurance-scheme.co.uk; and

"Zug Branch Business"

liabilities under:

- (a) such of the contracts and policies of reinsurance, and retrocession ~~and insurance~~ entered into by Allstate Insurance Company through its office at Skokie or Northbrook, Illinois, USA between 1959 and 1968, which underlying liabilities were transferred:
 - (i) to Altstadt Versicherungs AG; and
 - (ii) subsequently to the Company (then Allstate Reinsurance Co. Limited); and
- (b) such of the contracts and policies of reinsurance, and retrocession ~~and insurance~~ entered into by Altstadt Versicherungs AG through its office at Gotthardstrasse 3, Postfach, 6302 Zug, Switzerland between 1968 and 31 December 1982, which underlying liabilities were transferred to the Company (then Allstate Reinsurance Co. Limited); and
- (c) all contracts and policies of reinsurance, and retrocession ~~and insurance~~ entered into by the Company (then Allstate Reinsurance Co. Limited) through its branch office at Gotthardstrasse 3, Postfach, 6302 Zug, Switzerland between 1 January 1983 and 31 December 1992.

2. INTERPRETATION

- 2.1 This Scheme includes the Schedule which forms part of this Scheme for all purposes.
- 2.2 Clause, Schedule and Part headings and the index to the Scheme are inserted for convenience of reference only and shall be ignored in the interpretation of the Scheme.
- 2.3 In the Scheme, unless the context otherwise requires or the Scheme otherwise expressly provides:
 - (a) references to Clauses, sub-Clauses, Schedules and Parts are to be construed as references to the Clauses, sub-Clauses, Schedules and Parts, respectively, of the Scheme;

- (b) words importing the plural shall include the singular and vice versa and words importing one gender shall include all genders;
- (c) references to a person shall be construed as including references to an individual, firm, partnership, company, corporation, unincorporated body of persons or any state or state agency;
- (d) references to any enactment or other legislative provision shall be deemed to include references to such enactment as re-enacted, amended or extended; and
- (e) references in the Scheme to a firm or company shall include any predecessor or successor of that firm or company whether by merger, demerger, amalgamation or otherwise.

3. THE COMPANY

- 3.1 The Company was incorporated in England and Wales on 17 July 1978 with registered number 01378853 under the name Allstate Reinsurance Co. Limited. In 1996, Allstate International Insurance Limited sold its shares in the Company to QBE Insurance (Europe) Limited (formerly OBE International Insurance Limited) and on 15 November 1996, the Company's name was changed to QBE Reinsurance (UK) Limited. The Company's registered office is at 4th Floor, Corn Exchange, 55 Mark Lane Plantation Place, 30 Fenchurch Street, London EC3R 7NEM 3BD.
- 3.2 The Company's authorised share capital has been altered on several occasions since incorporation and, at the date of this document, it stands at £28,400,000 40,000,000 divided into 10,000,000 non-cumulative redeemable convertible preference shares of £1 each and 30,000,000 ordinary shares of £1 each, of which 18,400,000 ordinary shares of £1 each, of which 10,000,000 non-cumulative redeemable convertible preference shares are issued, fully paid and held by QBE International Insurance (Europe) Limited.

4. OFFICE HOLDERS

- 4.1 Paul Anthony Brereton Evans and Mark Charles Batten, both partners in the United Kingdom firm of PricewaterhouseCoopers LLP, of Plumtree Court, London EC4A 4HT, United Kingdom have each given to the Company (and have not withdrawn) their consent to act as Scheme Advisers from the Effective Date and have agreed to be bound by the terms of the Scheme to the extent that the same applies to them as Scheme Advisers.
- 4.2 Christopher Hayes Shaw Burbidge, whose Curriculum Vitae is at Appendix (iii) to the Explanatory Statement, has given to the Company (and has not withdrawn) his consent to act as Scheme Adjudicator from the Effective Date and has agreed to be bound by the terms of the Scheme to the extent that the same applies to him as Scheme Adjudicator.
- 4.3 Paul Martin Murray, an actuary in the actuarial firm of EMB Consultancy LLP, Saddlers Court, 64-74 East Street, Epsom, Surrey KT17 1HB, United Kingdom, has given to the Company (and has not withdrawn) his consent to act as Scheme Actuary

from the Effective Date and has agreed to be bound by the terms of the Scheme to the extent that the same applies to him as Scheme Actuary.

PART 2: THE SCHEME

5. APPLICATION OF THE SCHEME

5.1 Without prejudice to the other provisions of the Scheme:

- (a) the Scheme shall apply to all liabilities in respect of Scheme Claims; and
- (b) no other liabilities shall be subject to or affected by the provisions of the Scheme.

6. STAY OF PROCEEDINGS

6.1 Subject to sub-Clauses 6.2 and 7.1 and without prejudice to any rights under Clauses 11 and 12, notwithstanding anything to the contrary in the Scheme, no Scheme Creditor shall, after the Effective Date, institute or continue any Proceedings against or in respect of the Company or its Property whatsoever or wheresoever to establish the existence or amount of a Scheme Claim (which, for the avoidance of doubt, shall include any Notified Scheme Claim) save with the prior written consent of the Company.

6.2 Nothing in the Scheme shall preclude the Company from either:

- (a) commencing or continuing any Proceedings against a Scheme Creditor in relation to an Offset Amount including (but without limitation) in respect of a liability owed or claimed to be owed by a Scheme Creditor to the Company; or
- (b) seeking to be joined into any subsisting Proceedings between a Scheme Creditor and a Co-(Re)insurer as an additional party thereto.

6.3 Where the Company commences, continues or is joined into any Proceedings against a Scheme Creditor as referred to in sub-Clause 6.2 (and without prejudice to the Scheme Creditor's right to argue that the relevant Proceedings have been commenced or are continuing in an inappropriate forum), nothing in the Scheme shall preclude such Scheme Creditor from asserting and prosecuting a Scheme Claim against the Company in those Proceedings (whether by way of claim or counterclaim and to the extent to which, if any, such Scheme Creditor is or may be entitled to payment in respect of such Scheme Claim under the terms of the Scheme) so long as:

- (a) such Scheme Claim arises out of the same transaction or occurrence that is the subject matter of the Company's claim in those Proceedings;
- (b) such Scheme Claim does not require for its adjudication the presence of any third party over whom the court or tribunal in question cannot acquire jurisdiction; and
- (c) such Scheme Creditor shall have first given notice to the Company of its intention to assert and prosecute such Scheme Claim (such notice to contain fully particularised details of how and when the Scheme Creditor's Scheme

Claim arose, the {Re}insurance Contract pursuant to which the Scheme Creditor's Scheme Claim arose and the quantum of the Scheme Claim (if reasonably available)) and the period of 14 days has elapsed since the giving of that notice.

7. ENFORCEMENT OF SCHEME CLAIMS

- 7.1 Subject to Clause 6, except to the extent that the Company has failed to perform any obligation to make a payment to a Scheme Creditor in respect of a Net Established Liability under Part 4 and subject to the rights of Scheme Creditors under Clauses 11 and 12, no Scheme Creditor shall be entitled to institute or continue any step or Proceeding against or in respect of the Company or its Property whatsoever or wheresoever in any jurisdiction for the purpose of obtaining, securing or enforcing payment in whole or in part of any Scheme Claim (including a Notified Scheme Claim).

8. EFFECT OF ACTS PROHIBITED BY CLAUSES 6 AND 7

- 8.1 If and to the extent that a Scheme Creditor obtains an order, judgment, decision or award of a court or other tribunal against the Company or its Property or a binding settlement in relation to a Scheme Claim in contravention of Clauses 6 or 7, such order, judgment, decision, award or binding settlement shall not be taken into account in calculating the Scheme Creditor's Net Established Liability under Clause 23 and shall be disregarded when determining the liability of the Company in respect of such Scheme Claim.
- 8.2 Without prejudice to all other rights and remedies of the Company if, after the Effective Date, any Scheme Creditor receives any benefit or exercises any other rights in respect of funds in any jurisdiction (other than pari passu with all Scheme Creditors) in satisfaction or purported satisfaction in whole or in part of any Scheme Claim, the Company shall, for the purpose of considering whether the relevant Scheme Creditor is entitled to receive payment in respect of a Scheme Claim, be entitled to treat the Scheme Creditor as having received, on account of its Scheme Claim, an advance payment under the Scheme equal to the amount or gross value of any money, Property, benefit and/or advantage obtained by it at the expense of the Company or its Scheme Creditors as a result of such action; and the extent to which that Scheme Creditor is entitled to any payment under the Scheme in respect of a Net Established Liability (if any) shall be reduced accordingly.
- 8.3 For the purpose of sub-Clause 8.2, the gross value of any money, Property, benefit or advantage obtained as aforesaid shall be determined by the Company and (without prejudice to the generality of the foregoing) may include such amount as may be considered by the Company to be appropriate by way of interest, costs, charges or expenses incurred by the Company as a consequence of the action prohibited by Clauses 6 or 7, provided that any such determination shall at the relevant Scheme Creditor's request (in accordance with Clause 43) be referred as a Disputed Matter to the Scheme Adjudicator by the Company for review in accordance with Clause 21.
- 8.4 Without prejudice to any other rights of the Company, if the gross value received or determined or deemed as having been received by a Scheme Creditor in accordance with sub-Clauses 8.2 and 8.3 exceeds the amount of that Scheme Creditor's Net

Established Liability (in the latter case calculated without regard being had to any amount received or determined or deemed to have been received by the Scheme Creditor under this Clause 8) no payment shall be made by the Company in respect of that Scheme Creditor's Net Established Liability (pursuant to Part 4 or otherwise) and the balance shall be repaid by that Scheme Creditor to the Company immediately upon determination of the Scheme Creditor's Net Established Liability, failing which interest shall accrue on the balance at EURIBOR plus 2% for the period from the date upon which the Scheme Creditor's Net Established Liability is calculated under Clause 23 to the date of repayment by the relevant Scheme Creditor to the Company and any such amounts representing the balance shall be held on trust for the Company by the relevant Scheme Creditor until repaid.

9. INTEREST

9.1 To the extent provided for by this sub-Clause 9.1, Admissible Interest shall form part of the Scheme Claim. Admissible Interest will be calculated and payable (subject to the terms of the Scheme) on the relevant part or parts of the principal amount of the Scheme Claim to the Business Day immediately prior to the day on which payment is made (in accordance with and subject to Part 4) in respect of the relevant Scheme Claim. For the avoidance of doubt, no interest other than Admissible Interest will be payable on any Scheme Claim or Net Established Liability.

9.2 Any payment made under the Scheme in respect of any part or parts of a Scheme Claim which represents Admissible Interest shall be made net of any deduction or withholding for or on account of Tax.

10. CURRENCY OF PAYMENT

10.1 Any amount payable to a Scheme Creditor under the Scheme in respect of a Net Established Liability owed to such Scheme Creditor shall be payable in Euros (and for this purpose shall be converted into Euros at the Relevant Rate of Exchange, where appropriate, prevailing on the Business Day immediately preceding the date that payment is made to the Scheme Creditor under Part 4) unless the relevant Scheme Creditor elects otherwise in writing prior to such payment being made by the Company. Subject to sub-Clause 10.2, in the case of such election any such amount shall be payable to the relevant Scheme Creditor in the currency in which the relevant Scheme Claim or Scheme Claims were incurred as provided by the relevant (Re)insurance Contract(s) or, where the relevant (Re)insurance Contract(s) allows such Scheme Creditor to elect to make a claim or claims in any other currency, and any such election is made in accordance with the terms of such contract, in that currency.

10.2 If any Scheme Creditor shall have more than one Scheme Claim in more than one currency, the Company, at its discretion, may elect to pay any Net Established Liability due to that Scheme Creditor in the currency of the Scheme Creditor's largest Scheme Claim, the other Scheme Claims of the Scheme Creditor being converted at the Relevant Rate of Exchange prevailing on the Business Day immediately preceding the date that payment is made to the Scheme Creditor under Part 4.

10.3 In calculating a Scheme Creditor's Net Established Liability in accordance with Clause 23, any Notified Offset Amount of that Scheme Creditor to be brought into

account in accordance with sub-Clause 23.1(b) which is in a currency other than that of the relevant Scheme Claim, shall be converted, in the absence of agreement otherwise between the Scheme Creditor and Company, into the currency of payment of the relevant Scheme Claim at the Relevant Rate of Exchange as at the date upon which it is brought into account.

11. SECURITY

- 11.1 Nothing in the Scheme shall preclude or otherwise affect the right of a Scheme Creditor to enforce Security over the Company or its Property in accordance with its terms (and the terms of any associated documentation) and those of the relevant (Re)insurance Contract in order to satisfy (whether in whole or in part) any Scheme Claim in respect of which such Security was created, provided that (a) the Security was in existence at the Effective Date and the Scheme Creditor is the beneficiary; and (b) the Scheme Claim is limited in the amount (if any) agreed or determined under Part 3.
- 11.2 Nothing in the Scheme shall affect the rights of the Company as against any person in respect of any wrongful enforcement or drawdown of any Security created in respect of the Company.
- 11.3 Where the Scheme Creditor has the benefit of Security, the Scheme Creditor shall only receive payment in respect of its Net Established Liability to the extent that such Net Established Liability is greater than the amount of its Security or if, as a precondition of receiving payment of its Net Established Liability, it agrees to release, discharge or cancel that Security (or consent to its release, discharge or cancellation), the Scheme Creditor takes and completes such action before such payment.
- 11.4 Without prejudice to the generality of any other provision of the Scheme, upon request by the Company any Scheme Creditor with the benefit of Security shall agree to release, cancel and/or discharge that Security (and enter into any documentation which the Company in its reasonable discretion believes necessary) to the extent that under the terms of the Scheme, the Scheme Creditor no longer has an enforceable payment obligation in respect of the Scheme Claim to which the Security relates.

12. SET-OFF

- 12.1 Any Notified Offset Amount as agreed and/or determined in accordance with Part 3 will be brought into account and set off when calculating that Scheme Creditor's Net Established Liability in accordance with Clause 23 and (depending on the amount of a Scheme Creditor's Notified Offset Amount so agreed or determined) a Scheme Creditor's Net Established Liability shall be reduced or eliminated, or give rise to a balance in favour of the Company (in which case it shall be subject to sub-Clause 23.2) by setting off the amount agreed and/or determined in accordance with Part 3.
- 12.2 A Scheme Creditor which is under a liability to the Company in respect of an Offset Amount may rely upon any Notified Scheme Claim.

13. CLAIMS LIMITED BY STATUTE

- 13.1 Any Notified Scheme Claim, the liability in respect of which is agreed or determined under Part 3 as being statute barred or otherwise unenforceable under the applicable law of the relevant (Re)insurance Contract, shall not be a Scheme Claim and shall not be taken into account in calculating a Scheme Creditor's Net Established Liability. For the avoidance of doubt, however, any such person shall, in respect of such a claim, be deemed to be a Scheme Creditor for the purpose of being subject to and bound by the terms of the Scheme.
- 13.2 For the purpose of agreeing or determining whether a claim is statute barred for the purposes of sub-Clause 13.1, no regard shall be had for any periods of time after the Effective Date.

**PART 3: AGREEMENT AND DETERMINATION OF NOTIFIED SCHEME
CLAIMS AND NOTIFIED OFFSET AMOUNTS**

14. THE BAR DATE

- 14.1 Subject to the provisions of sub-Clause 15.4 in respect of Agreed Losses and without prejudice to the following provisions of this Part 3, with effect from the Effective Date, no Scheme Creditor shall be entitled to receive any payment from the Company, whether under the Scheme or otherwise in respect of any Scheme Claim which it may have (but in all respects any such Scheme Creditor shall nevertheless be bound by the Scheme) unless, before the Bar Date, the Company shall have received under sub-Clause 18.3 and (if appropriate) sub-Clause 18.9 (in accordance with Clause 43) from or on behalf of such Scheme Creditor, a Claim Form in respect of such Scheme Claim.
- 14.2 Any Claim Form returned to the Company in accordance with sub-Clause 18.3 and (if appropriate) sub-Clause 18.9 must be accompanied by all Supporting Information and must state the actual and/or estimated amounts for which the Scheme Creditor seeks to claim in respect of any Scheme Claim and/or attribute in respect of any Offset Amount.

15. CONSEQUENCES OF FAILURE TO SUBMIT A CLAIM FORM

- 15.1 Subject to sub-Clause 15.4 in respect of Agreed Losses, the value of any Scheme Claim of any Scheme Creditor which is not notified to the Company on a Claim Form so as to be received by the Company (in accordance with Clause 43) before the Bar Date shall be deemed to be zero and shall be deemed to have been satisfied in full under the Scheme. Accordingly, such a Scheme Creditor shall not be entitled to receive any payment from the Company under Part 4 (or otherwise) in respect of any such Scheme Claim (but in all respects any such Scheme Creditor shall nevertheless be bound by the Scheme).
- 15.2 Subject to sub-Clause 15.4 in respect of Agreed Losses, if the Company reasonably determines that a Scheme Creditor has not included on any Claim Form returned to the Company under sub-Clause 18.3 and (if appropriate) sub-Clause 18.9 an amount in respect of any Scheme Claim, the Scheme Creditor shall be deemed not to have notified any such Scheme Claim before the Bar Date and the value of any such Scheme Claim shall be deemed to be zero and shall be deemed to have been satisfied in full under the Scheme. Accordingly, such a Scheme Creditor shall not be entitled to receive any payment from the Company under Part 4 (or otherwise) in respect of any such Scheme Claim (but in all respects any such Scheme Creditor shall nevertheless be bound by the Scheme).
- 15.3 Without prejudice to the other provisions of this Part 3, a Claim Form shall not be treated as having been returned to the Company before the Bar Date in accordance with sub-Clause 18.3 and (if appropriate) sub-Clause 18.9 unless the Claim Form includes the relevant details of the identity and contact details of the Scheme Creditor

concerned to the reasonable satisfaction of the Company or unless the Company shall otherwise be in possession of such information.

- 15.4 In the event that a Scheme Creditor fails to notify the Company under sub-Clause 18.3 and (if appropriate) sub-Clause 18.9 of any Agreed Losses to which, from the Company's books and records, the Scheme Creditor is entitled, the following provisions of this sub-Clause 15.4 shall apply. To the extent to which the Company possesses verified contact details for that Scheme Creditor, the Company shall treat any such Agreed Losses as if they were Notified Scheme Claims of the relevant Scheme Creditor under sub-Clause 18.3(b). The Company shall not seek to dispute either liability or quantum of any such Agreed Losses except as provided for under Clause 13 (Claims Limited by Statute). In the event that the Company does so dispute any such Agreed Losses it shall provide the Scheme Creditor with any relevant Supporting Information (including an explanation and/or legal opinion supporting its position) for the purpose of agreeing or, if necessary, determining by adjudication, such Agreed Losses under the provisions of this Part 3. Scheme Creditors shall only be entitled to payment under Part 4 in respect of any such Agreed Losses to the extent (if at all) provided for under this Part 3 (including, without limitation, Clause 23).

16. VALUATION DATE

- 16.1 Outstanding Losses and IBNR shall be valued as at the Valuation Date and in accordance with the terms of the Scheme. Any amounts paid by the Company or by any other person to the relevant Scheme Creditor in full or partial satisfaction of a Scheme Creditor's Outstanding Losses and IBNR in the period between the Valuation Date and the Effective Date shall be deducted from the value of that Scheme Creditor's Scheme Claims.

17. NOTICE OF EFFECTIVE DATE, BAR DATE AND DISTRIBUTION OF CLAIM FORMS

17.1 The Company shall:

- (a) within 14 days after the Effective Date, send by Post (in accordance with Clause 43) to each Scheme Creditor and other person to whom written notice was given of the Scheme Creditors' Meetings and any other person whom the Company believes to be a Scheme Creditor, those documents referred to in sub-Clause 17.2; and
- (b) within 14 days after becoming aware of any other Scheme Creditor (or person claiming to be a Scheme Creditor) prior to the Bar Date, send by Post (in accordance with Clause 43) to each such Scheme Creditor or person those documents referred to in sub-Clause 17.2.

17.2 The documents referred to in sub-Clause 17.1 are:

- (a) notice that the Scheme has become effective, notice of the Effective Date and the Bar Date and confirmation that the full text of the Scheme and the Explanatory Statement may be downloaded from the Website or obtained from the Company free of charge at the address set out in sub-Clause 43.2(b)(ii); and

- (b) in the case of a Scheme Creditor (or person who may be or claims to be a Scheme Creditor) (and insofar as not previously provided to the Scheme Creditor (or such person) in connection with the Scheme Creditors' Meetings or otherwise) details of that Scheme Creditor's unique login identification, method of obtaining a unique password and instructions on how to access its personalised Claim Form and Claim Form Guidance Notes on the Website (which no other Scheme Creditor will be able to access).
- 17.3 The Company shall, within 14 days after receipt of a request from a Scheme Creditor or person claiming to be a Scheme Creditor, send by Post (or, at the Company's absolute discretion, by Electronic Form or by courier) to that Scheme Creditor or person, copies of those documents referred to in sub-Clause 17.2.
- 17.4 In respect of any such Scheme Creditor or person as is referred to in sub-Clauses 17.1(b) and 17.3 the Company will not, however, incur any liability in the event that any documentation referred to in sub-Clauses 17.2 and/or 17.3 does not reach the Scheme Creditor or person in sufficient time to enable it to comply with Clauses 14 or 18.
- 17.5 In addition, the Company shall within 14 days after the Effective Date:
 - (a) cause to be published once, in the same newspapers and publications in which the Scheme Creditors' Meetings ~~was~~ were advertised (unless no edition of that newspaper or publication will be published within that 14 day period, in which case as soon as reasonably practicable thereafter) and in such additional newspapers and publications (if any) as the Company shall, in its absolute discretion, select, a notice:
 - (i) that the Scheme has become effective, of the Effective Date and the Bar Date and confirmation that the documents referred to in sub-Clause 17.2(a) may be downloaded from the Website and, in the case of the details referred to in sub-Clause 17.2(b) obtained from the Company at the address set out in sub-Clause 43.2(b)(ii), in each case free of charge;
 - (ii) calling for Scheme Creditors (or persons claiming to be Scheme Creditors) to complete and submit a Claim Form together with all Supporting Information so as to be received by the Company on or before the Bar Date in accordance with sub-Clause 18.3; and
 - (iii) calling for any person believing himself to be a Scheme Creditor and who has not received any of the documents referred to in sub-Clause 17.2 to contact the Company as soon as possible; and
 - (b) send to each Relevant Broker or other person known by the Company to be duly authorised to accept service on behalf of a Scheme Creditor (and of which the Company is aware at that time), copies of the documents referred to in sub-Clause 17.2(a), together with a request that such Relevant Broker pass the same on to any Scheme Creditor for which they act.

18. COMPLETING AND RETURNING CLAIM FORMS AND SUPPORTING INFORMATION BEFORE THE BAR DATE

- 18.1 Claim Forms and Claim Form Guidance Notes made available to Scheme Creditors on the Website or, if requested, sent by Post, courier or by Electronic Form to Scheme Creditors under sub-Clauses 17.1 to 17.3 shall be in substantially the form set out in the Schedule. Each Claim Form so sent or made available by the Company to a Scheme Creditor will contain such information as is known to the Company in respect of the identity and details of the (Re)insurance Contracts to which that Scheme Creditor is party.
- 18.2 It is the sole responsibility of Scheme Creditors to verify the accuracy of any information provided by the Company in relation to Claim Forms. Upon returning a Claim Form to the Company in accordance with sub-Clause 18.3, and (if appropriate) sub-Clause 18.9, the Scheme Creditor concerned shall be deemed to have agreed as accurate and complete such information on any Claim Form received from or made available by the Company (which such information shall thereafter be binding on the Scheme Creditor) unless that Scheme Creditor has amended, altered and/or added to that information in accordance with those sub-Clauses.
- 18.3 At any time before (but not after) the Bar Date, a Scheme Creditor shall be entitled to amend, add to or alter any Claim Form made available or sent to it under sub-Clauses 17.1 to 17.3 in accordance with the Claim Form Guidance Notes, provided that the Scheme Creditor shall return the Claim Form to the Company (in accordance with Clause 43) so as to be received by the Company before the Bar Date. Any such amendment, addition or alteration to a Claim Form may include or relate to (without limitation):
- (a) any dispute as to the accuracy or completeness of the information provided by the Company on a Claim Form;
 - (b) any Agreed Losses claimed by the Scheme Creditor;
 - (c) any Outstanding Losses claimed by the Scheme Creditor, valued as at the Valuation Date;
 - (d) IBNR claimed by the Scheme Creditor, valued as at the Valuation Date on the basis of both:
 - (i) no discounting to net present value; and
 - (ii) discounting to net present value to take account of the time value of money; and/or
 - (e) the existence and amount of any Offset Amount of the Scheme Creditor
- (any amendments, additions, alterations and matters referred to in sub-Clauses 18.3(a) to 18.3(d) being referred to in this Part 3 as the Scheme Creditor's "Notified Scheme Claim" and any amendments, additions, alterations and matters referred to in sub-Clause 18.3(e) being referred to in this Part 3 as the Scheme Creditor's "Notified Offset Amount").

- 18.4 The Company shall have no duty or obligation whatsoever to advise or inform a Scheme Creditor (whether on a Claim Form or otherwise) of liabilities or reserves recorded and referred to in the books of the Company in respect of Scheme Claims.
- 18.5 At the same time as a Scheme Creditor returns its Claim Form to the Company under sub-Clause 18.3 and (if appropriate) sub-Clause 18.9, the Scheme Creditor shall submit to the Company (in accordance with Clause 43), all Supporting Information relating to its Claim Form so as to be received by the Company before the Bar Date.
- 18.6 In the case of a Claim Form submitted in Electronic Form, a hard copy of the Claim Form with an original signature must be submitted to the Company by hand, courier or Post (in accordance with Clause 43) such that it is received within 7 days after the Bar Date.
- 18.7 In respect of each Notified Offset Amount and each type of Notified Scheme Claim, a Scheme Creditor's Supporting Information must refer to each (Re)insurance Contract pursuant to which the Notified Scheme Claim and/or Notified Offset Amount arises and shall separate Notified Scheme Claims and/or Notified Offset Amounts as between Agreed Losses, Outstanding Losses, IBNR and/or Offset Amounts. Supporting Information must, at a minimum, comprise the following:
- (a) Agreed Losses: Scheme Creditors shall submit with the Claim Form, in respect of each Agreed Loss, the original loss advice submitted to the Company;
 - (b) Outstanding Losses: Scheme Creditors shall submit with the Claim Form an analysis supporting each Notified Scheme Claim in respect of Outstanding Losses including, but not limited to, loss bordereaux, original loss advice and that Scheme Creditor's latest correspondence with or notification to the Company which substantiates the information submitted on the Claim Form; and
 - (c) IBNR: Scheme Creditors shall submit with the Claim Form details of the basis for the calculation for each Notified Scheme Claim in respect of IBNR supported with, to show the reasonableness of such amounts, documentary evidence comprising each of the following (where such evidence is available to that Scheme Creditor):
 - (i) cumulative data triangles of paid loss data;
 - (ii) cumulative data triangles of incurred loss data;
 - (iii) loss bordereaux;
 - (iv) an analysis of any allowance applied to IBNR to take account of the time value of money;
 - (v) any relevant actuarial reports; and
 - (vi) any other relevant Supporting Information.

- 18.8 No Scheme Creditor shall have any right after the Bar Date to revise or provide further Supporting Information in respect of any Notified Scheme Claim and/or Notified Offset Amount (including any amount of such liabilities) except in response to a specific request for such further information by the Company or the Scheme Adjudicator under sub-Clauses 19.3 and 21.9 (as appropriate) (each overriding information and amounts contained in any Claim Form and/or Supporting Information previously submitted to the Company to the extent inconsistent). Accordingly, subject to sub-Clauses 19.3 and 21.9, for the purposes of seeking to agree or adjudicating Notified Scheme Claims and/or Notified Offset Amounts, neither the Company nor the Scheme Adjudicator shall be obliged to take into account any Supporting Information which has not been supplied to the Company before the Bar Date. For the purposes of seeking such agreement or adjudication, the Company and the Scheme Adjudicator may, at any time, take into account market information and/or market development, whether before or after the Valuation Date.
- 18.9 At any time before the Bar Date, each Scheme Creditor shall be entitled to submit a new or a revised Claim Form and to submit (in each case in accordance with Clause 43) revised or further Supporting Information to the Company (each overriding information and amounts contained in any Claim Form and/or Supporting Information previously submitted to the Company to the extent inconsistent) and so as to be received by the Company before the Bar Date. For the avoidance of doubt, the provisions of this Part 3 shall apply to such Claim Forms and Supporting Information with any necessary changes. For the avoidance of doubt, nothing contained in this sub-Clause shall ameliorate the Scheme Creditor's obligation to submit a Claim Form before the Bar Date as provided for under Clause 14 and sub-Clause 18.3).
- 18.10 For the avoidance of doubt, nothing in the Scheme shall affect the Company's right to pursue and recover (whether by Proceedings or otherwise) any liability owed to it by a Scheme Creditor who fails to submit a Claim Form to the Company in accordance with Part 3.
- 19. REVIEW AND AGREEMENT OF CLAIM FORMS AND SUPPORTING INFORMATION**
- 19.1 Subject to Clause 20, the Company shall as soon as reasonably possible after the receipt by it of a Claim Form and Supporting Information in accordance with sub-Clause 18.3 and (if appropriate) sub-Clause 18.9 use its reasonable endeavours to reach agreement with the Scheme Creditor concerned with regard to:
- (a) the information and amounts contained in the Claim Form and Supporting Information in relation to each Notified Scheme Claim and/or Notified Offset Amount (which agreement in the case of any IBNR will be as to both undiscounted amounts and such amounts discounted to net present value to take account of the time value of money); and
 - (b) the Company's liability (if any) and quantum (assuming that the Company is so liable) in relation to any Agreed Losses referred to in sub-Clause 15.4, the liability in respect of which the Company disputes.
- 19.2 Where a Claim Form returned to the Company before the Bar Date by a Scheme Creditor in accordance with sub-Clause 18.3 and (if appropriate) sub-Clause 18.9

does not contain any statement of that Scheme Creditor's Notified Offset Amount in circumstances where, in the opinion of the Company, that Scheme Creditor is under a liability to the Company in respect of an Offset Amount, the Company may, in its absolute discretion, at the same time as referred to in sub-Clause 19.1 seek to agree the liability and quantum of such Offset Amount with the Scheme Creditor concerned and for the purposes of this Part 3, such Offset Amount shall be deemed to be and shall be treated as a Notified Offset Amount notified on that Scheme Creditor's Claim Form to the Company before the Bar Date in accordance with sub-Clause 18.3. For the purposes of endeavouring to reach agreement with the Scheme Creditor concerned, the Company will as soon as reasonably practicable after receiving the initial Claim Form from the Scheme Creditor, supply the Scheme Creditor with any Supporting Information relating to such Notified Offset Amount. If the Company does not exercise its discretion to seek agreement under the Scheme in respect of any such Offset Amount, this shall not prejudice any right the Company may have to seek to recover or collect in the same whether by Proceedings or otherwise.

- 19.3 Whether before or after the Bar Date, the Company shall be entitled (upon request made in accordance with Clause 43) to seek from the Scheme Creditor concerned (and the Scheme Creditor shall be obliged to provide in the same manner within a reasonable period) such further information or require the production to it of such documentary or other evidence relating to any Notified Scheme Claim or Notified Offset Amount as it considers necessary for the purpose of reaching agreement of the same under sub-Clauses 19.1 and 19.2. In default of the Scheme Creditor providing such information and/or documentary or other evidence so requested by the Company within a reasonable period (which, subject to Clause 24, shall in no case be later than 21 days after such request), the Company shall be entitled to seek agreement with the Scheme Creditor under sub-Clauses 19.1 and 19.2 without regard to that information and/or documentary or other evidence. Further, in the absence of agreement, the Company shall be entitled to refer for adjudication, in accordance with Clause 21, any Notified Scheme Claim or Notified Offset Amount in respect of which the information and/or documentary or other evidence was so requested (but failed to be provided by the Scheme Creditor in accordance with this sub-Clause).
- 19.4 In seeking to reach agreement with a Scheme Creditor with regard to the information and amounts contained (or, in accordance with sub-Clauses 15.4 and 19.2, deemed to be contained) in the Scheme Creditor's Claim Form and Supporting Information in relation to any Notified Scheme Claim and/or Notified Offset Amount as required by sub-Clauses 19.1 and 19.2, the Company may (but is not obliged to):
- (a) consult with the Scheme Actuary (for which purpose the Company shall make all its relevant books and records available to the Scheme Actuary) with a view to agreeing such amounts; and/or
 - (b) consider any information concerning matters or events relating to any Notified Scheme Claim and/or Notified Offset Amount occurring after the Valuation Date.
- 19.5 The amount in respect of which any Scheme Creditor was admitted to vote at the relevant Scheme Creditors' Meeting(s) shall not be binding on the Company, the Scheme Actuary or the Scheme Adjudicator for any purpose (including, for the

avoidance of doubt, the agreement or determination of any Notified Scheme Claim and/or Notified Offset Amount).

- 19.6 In the event that the Company reaches agreement with a particular Scheme Creditor in respect of the whole or part of the amounts and/or information contained (or, in accordance with sub-Clauses 15.4 and 19.2, deemed to be contained) in a Claim Form and/or Supporting Information returned by the Scheme Creditor in accordance with Clauses 18 and 19 or Supporting Information supplied by the Company under sub-Clauses 15.4 and/or 19.2 in respect of the whole or part of any Notified Scheme Claim and/or Notified Offset Amount it shall, within 14 days after such agreement, notify the relevant Scheme Creditor of such agreement (in accordance with Clause 43). For the avoidance of doubt, such agreement shall in the case of any IBNR include both undiscounted and discounted net present value amounts. The Company and the Scheme Creditor will thereafter treat such amounts and/or information as valid and binding as to such matters and/or amounts. Amounts equal to any Notified Scheme Claim and/or Notified Offset Amount so agreed will be utilised by the Company in the calculation of that Scheme Creditor's Net Established Liability in accordance with Clause 23.

20. SUSPENDED SCHEME CLAIMS

- 20.1 Where it appears to the Company, in its absolute discretion, that the amount of a Notified Scheme Claim and/or Notified Offset Amount may be materially affected by any Proceedings in respect of a Common Liability, any pending market or legal developments or any litigation or dispute resolution brought by the Company, it may suspend the operation of the process of agreeing the relevant Scheme Creditor's Notified Scheme Claim and/or Notified Offset Amount in accordance with sub-Clauses 19.1 to 19.4 for such period as the Company, in its absolute discretion, reasonably deems appropriate. Such Notified Scheme Claims and/or Notified Offset Amounts shall, thereupon, become Suspended Scheme Claims.
- 20.2 In the event that the Company designates a Notified Scheme Claim and/or a Notified Offset Amount as a Suspended Scheme Claim, the Company shall, as soon as reasonably practicable after such designation notify the relevant Scheme Creditor (in accordance with Clause 43) that the relevant Notified Scheme Claim and/or Notified Offset Amount has become a Suspended Scheme Claim and give reasons for such designation.
- 20.3 If at any time the Company determines that it is appropriate to revoke such designation, the Company will seek to agree or, if necessary, refer for adjudication such Suspended Scheme Claims in the same way as Notified Scheme Claims and/or Notified Offset Amounts (as the case may be) in accordance with Clauses 19 and 21. In such a case, any relevant time periods after the Bar Date referred to in those Clauses shall commence from the date of such determination.

21. DISPUTE RESOLUTION PROCEDURE

- 21.1 In the event that the Company has been unable to reach agreement with a particular Scheme Creditor pursuant to sub-Clauses 19.1 to 19.4 in respect of:

- (a) the whole or part of the amounts and/or information contained (or in accordance with sub-Clause 15.4, deemed to be contained) in a Claim Form and/or Supporting Information returned by a Scheme Creditor in accordance with Clauses 18 and 19 or Supporting Information supplied by the Company to the Scheme Creditor under sub-Clause 15.4, in each case in respect of the whole or part of any Notified Scheme Claim; and/or
- (b) the whole or part of any amounts and/or information contained (or, in accordance with sub-Clause 19.2, deemed to be contained) in a Claim Form and/or Supporting Information returned by a Scheme Creditor in accordance with Clauses 18 and 19 or Supporting Information supplied by the Company to the Scheme Creditor under sub-Clause 19.2, in each case in respect of the whole or part of any Offset Amount; and/or
- (c) a determination made by the Company in accordance with sub-Clauses 8.3 and 25.2;

(for the avoidance of doubt, the amounts and/or matters in dispute under sub-Clauses 21.1(a), 21.1(b) and 21.1(c) being, together, referred to as the "Disputed Matters" in respect of that Scheme Creditor) within what the Company considers in all the circumstances to be a reasonable time (and, subject to Clause 24, in any event, no later than 90 days after the Bar Date), the Company will thereupon send to the Scheme Creditor concerned (in accordance with Clause 43) a statement setting out the undiscounted and, where appropriate, the discounted net present value of the Scheme Creditor's Notified Scheme Claims and Notified Offset Amounts that the Company is willing to accept and inviting such Scheme Creditor to agree the disputed amounts in that statement within 30 days after deemed receipt of the same by the Scheme Creditor. Such statement will include any amounts in respect of Notified Scheme Claims and/or Notified Offset Amounts previously agreed in accordance with sub-Clauses 19.1 to 19.4.

- 21.2 If the Scheme Creditor concerned does not, within 30 days after deemed receipt of the statement referred to in sub-Clause 21.1, give notice of objection to the Company (in accordance with Clause 43) to the effect that it requires the whole or any part of the Disputed Matters to be submitted to the Scheme Adjudicator for adjudication in accordance with this Clause 21, the amounts set out in such statement as sent to the Scheme Creditor under sub-Clause 21.1 shall thereupon become binding on the Scheme Creditor concerned (and such amounts will be utilised by the Company in the calculation of that Scheme Creditor's Net Established Liability in accordance with Clause 23).
- 21.3 If the Scheme Creditor replies to the Company (in accordance with Clause 43) within 30 days after deemed receipt of such statement as is referred to in sub-Clause 21.1 to the effect that it does not agree the Disputed Matters, the Scheme Creditor concerned shall be deemed to have agreed to the Company referring the Disputed Matters to the Scheme Adjudicator for adjudication in accordance with this Clause 21. For the avoidance of doubt, any dispute between the Company and a Scheme Creditor as to the Supporting Information to be used to determine the discounted amounts owed to that Scheme Creditor (as reflected in the discounted net present value amounts in the statement referred to in sub-Clause 21.1) shall be a Disputed Matter notwithstanding that the Scheme Creditor may agree the quantum of the undiscounted amount of

IBNR. In notifying the Company under this sub-Clause 21.3 the Scheme Creditor shall specify (where appropriate) whether it disputes the undiscounted amount and/or the Supporting Information used in determining the discounted net present value amount of IBNR as set out in the statement sent to it under sub-Clause 21.1.

- 21.4 In referring any Disputed Matter to the Scheme Adjudicator in accordance with sub-Clause 21.3, the Company shall provide the Scheme Adjudicator with a notice setting out details of the matter or matters comprising the Disputed Matters to be adjudicated upon and enclosing a copy of the Claim Form relating to such Disputed Matters, a copy of any notice, statement or correspondence sent or received by the Company in connection with such Disputed Matters together with all other information available to the Company in connection with the Disputed Matters, including any Supporting Information.
- 21.5 The Company shall also, at the same time as giving notice in accordance with sub-Clause 21.4 above, send a notice (in accordance with Clause 43) to the relevant Scheme Creditor to the effect that the Disputed Matters have been referred to the Scheme Adjudicator for adjudication in accordance with the terms of the Scheme, the nature of the Disputed Matters together with copies of all of the information and documentation sent to the Scheme Adjudicator under sub-Clause 21.4 in relation to the Disputed Matters.
- 21.6 No Scheme Creditor may submit a Claim Form directly to the Scheme Adjudicator for adjudication of the Disputed Matters.
- 21.7 The fact that there are, in respect of a Claim Form and/or Supporting Information, Disputed Matters which have been submitted to the Scheme Adjudicator under sub-Clauses 21.1 to 21.4, shall not prevent other information and/or amounts in the Claim Form and/or Supporting Information which have been agreed or deemed to have been agreed between the Company and the Scheme Creditor under Clause 19 from being binding on the Scheme Creditor and the Company as to such amounts and/or information. No Net Statement shall be prepared in relation to any Scheme Creditor under Clause 23 until all Disputed Matters have been adjudicated upon in accordance with this Clause 21 and Suspended Scheme Claims relating to that Scheme Creditor have been agreed or, if necessary, adjudicated upon in accordance with this Clause 21.
- 21.8 The relevant Scheme Creditor may, within 10 days after deemed receipt of the notice referred to in sub-Clause 21.5, send written observations on the said notice to the Scheme Adjudicator and shall send a copy (with any enclosures) of such written observations to the Company (both in accordance with Clause 43).
- 21.9 In relation to any matter which is referred to the Scheme Adjudicator, the Scheme Adjudicator shall consider the papers and documents before him and, shall within 21 days after deemed receipt of the documents and information referred to in sub-Clause 21.4 send a notice (in accordance with Clause 43) to the person concerned stating whether he requires:
- (a) further written explanations, documents, data or information from the Scheme Creditor, the Scheme Actuary and/or the Company, in which case the relevant person or persons shall within 21 days after deemed receipt of such notice

provide the Scheme Adjudicator with the required written explanations, documents, data or information; and/or

- (b) the Company (acting by its duly authorised representative), the Scheme Actuary and/or the Scheme Creditor (or its duly authorised representative) to appear before and address the Scheme Adjudicator on any matters he shall determine, in which case the Company (acting by its duly authorised representative), the Scheme Actuary and/or the relevant Scheme Creditor (or its duly authorised representative) shall appear on such date, which shall be within 21 days after deemed receipt of such notice, as the Scheme Adjudicator shall prescribe. At the discretion of the Scheme Adjudicator such appearance shall be either:

- (i) at such single place as the Scheme Adjudicator may prescribe; or
- (ii) by way of simultaneous attendance and participation by the Scheme Adjudicator at such prescribed place and by the Scheme Creditor, the Scheme Actuary and/or the Company (as the case may be) at such other place or places as the Scheme Adjudicator shall determine (provided that all persons attending shall be able to see and hear and be seen and heard by means of audio visual links by all other persons attending).

21.10 In exercising his powers under this Clause 21, the Scheme Adjudicator:

- (a) may set such time limits (and/or vary any time periods) as he may consider reasonable and fair in all circumstances; and
- (b) shall be entitled to prescribe and lay down such procedures or provisions as he, in his absolute discretion, deems appropriate for the purposes of assisting him in reaching his decision.

21.11 If any person concerned fails to provide some or all of the written explanations, further documents, data or information in accordance with sub-Clause 21.9(a) or fails to appear before the Scheme Adjudicator in accordance with sub-Clause 21.9(b), the Scheme Adjudicator shall adjudicate upon the relevant Disputed Matter as he sees fit on the basis of the information then available to him.

21.12 In adjudicating on any Disputed Matter, the Scheme Adjudicator shall act as an expert and not as an arbitrator.

21.13 In relation to adjudicating upon Disputed Matters under this Part 3, the Scheme Adjudicator shall be entitled to consult with such advisers, including legal advisers, accountants and experts, as he may deem appropriate, including for the purpose of obtaining legal advice or legal opinion in connection with any Disputed Matters.

21.14 Without prejudice to any of the provisions of this Clause 21 and sub-Clause 33.1, the Scheme Adjudicator shall be responsible for the adjudication of any issues of fact, law, liability and quantum of Notified Scheme Claims and Notified Offset Amounts, directly or indirectly necessary to adjudicate on any Disputed Matters (including

disputes relating to the Supporting Information to be used to determine the level of net present value discounting to be applied in respect of IBNR).

- 21.15 Subject to Clause 24, the Scheme Adjudicator shall, within 45 days after deemed receipt of the records and information referred to in sub-Clause 21.4 certify in writing to the relevant Scheme Creditor and the Company (in accordance with Clause 43) his determination with respect to the Disputed Matters referred to him including the amount (discounted, where appropriate) of any relevant Notified Scheme Claims and/or Notified Offset Amounts. The Scheme Adjudicator shall not be obliged to give reasons or offer any explanation of his determination. Any such determination by the Scheme Adjudicator in respect of any Disputed Matters referred to him (including the amount of any Notified Scheme Claims and/or Notified Offset Amounts) shall be final and binding on the Company and the relevant Scheme Creditor. Neither the relevant Scheme Creditor nor the Company shall have any right to appeal either in respect of the determination so given or the procedure by which the Scheme Adjudicator reached such decision or to make any claim against the Scheme Adjudicator in respect of such determination or procedure except, in each case, insofar as permitted by English law. Once such certificate has been given, the Company shall prepare a Net Statement under Clause 23 for the purposes of calculating the amount of the Scheme Creditor's Net Established Liability.
- 21.16 At the time of the giving of any such certificate as is referred to in sub-Clause 21.15 in relation to a Notified Scheme Claim and/or Notified Offset Amount, the Scheme Adjudicator may make such directions in respect of his remuneration, charges and expenses incurred by him, as he shall think just.
- 21.17 If the Scheme Adjudicator shall direct that any such remuneration, costs, charges and expenses be paid by the Company, the same shall be paid in full by the Company out of the Property of the Company.
- 21.18 If the Scheme Adjudicator directs that any such remuneration, costs, charges and expenses be payable by a Scheme Creditor and the Scheme Creditor does not pay the same in full within one month after such direction, the Company shall pay any unpaid balance thereof in full out of its Property. In any such case, for the purposes of determining whether such Scheme Creditor is entitled to receive any payments pursuant to Part 4 from the Company, the relevant Scheme Creditor shall be treated as having received on account of its Net Established Liability in respect of which it is so entitled, an amount equal to the unpaid balance so paid by the Company and the extent, if any, to which the Scheme Creditor is entitled to any payment pursuant to Part 4 shall be reduced accordingly. Where the Scheme Creditor is not entitled to receive a payment pursuant to the Scheme or the amount of such remuneration costs and expenses which it is directed to pay under this sub-Clause exceeds its entitlement to a payment under the Scheme, such amount or such excess shall be a debt owed by the Scheme Creditor to the Company

22. EFFECT OF SCHEME

- 22.1 On receipt by the Company of the final Claim Form in accordance with Clause 18 the Company acknowledges an amount due to the relevant Scheme Creditor as at the Bar Date equal to the aggregate amount of that Scheme Creditor's Notified Scheme Claims, (but without taking into account any Offset Amount of that Scheme Creditor

to the Company) PROVIDED THAT any entitlement to payment in respect of such Notified Scheme Claims (if any) shall be determined in accordance with Parts 3 and 4. Any excess of the amount of the Notified Scheme Claim notified to the Company in accordance with sub-Clause 18.3 and, if appropriate, sub-Clause 18.9 over the amount in respect of that Notified Scheme Claim agreed or adjudicated in accordance with Part 3 (but for the avoidance of doubt in each case without taking into account any Offset Amount of that Scheme Creditor) is released within the Scheme and is not entitled to rank for payment under the Scheme. The amount of the Company's aggregate liability to a Scheme Creditor shall be calculated by reference to the undiscounted amount, where appropriate, of such Scheme Creditor's Notified Scheme Claim and the difference between such undiscounted and discounted amounts shall also be treated by the Scheme Creditor as having been released under the Scheme.

23. DETERMINATION OF SCHEME CREDITORS' NET ESTABLISHED LIABILITIES

- 23.1 The Company shall, as soon as reasonably practicable following the determination, whether by agreement or adjudication of the amounts (discounted, where appropriate) of all Notified Scheme Claims and Notified Offset Amounts in respect of a particular Scheme Creditor in accordance with this Part 3, calculate that Scheme Creditor's Net Established Liability, setting out the calculation in the form of a Net Statement and within 14 days after such calculation shall send a copy of that Net Statement (in accordance with Clause 43) to the Scheme Creditor. The Net Statement shall contain details of that Scheme Creditor's:
- (a) Notified Scheme Claims, at the value agreed or determined in accordance with Part 3 (which, for the avoidance of doubt, shall be discounted to net present value in relation to IBNR to take into account the time value of money);
 - (b) Notified Offset Amounts, at the value agreed or determined in accordance with Part 3;
 - (c) liability (if any) under sub-Clause 21.18; and
 - (d) the amount, if any, resulting from the subtraction of (b) and (c) from (a) in respect of such Scheme Creditor.
- 23.2 If the calculation referred to in sub-Clause 23.1(d) or if different the amount agreed or adjudicated in accordance with sub-Clauses 23.5 to 23.7 (as the case may be); gives rise to a negative amount (that is, an amount less than zero), the Scheme Creditor concerned shall become an Net Offset Scheme Creditor and shall be liable to pay to the Company an amount equal to such negative amount.
- 23.3 Within 30 days after the deemed receipt by it of the Net Statement sent to it, the Scheme Creditor concerned shall notify the Company as to whether it elects to receive payment of any Net Established Liability payable to it (if any) by either telegraphic transfer or cheque, and if such payment will (at the discretion of the Scheme Creditor) be made in favour of a third party, the name of that third party and, if by telegraphic transfer, of the details of the relevant bank account to which such transfer is to be made. If no such notice is received by the Company within this 14 day period the

Scheme Creditor will be deemed to have elected to receive any such payment by cheque.

- 23.4 Each Scheme Creditor may, by notice in writing (in accordance with Clause 43) to be received by the Company within 30 days after deemed receipt by the Scheme Creditor of the Net Statement sent to it, object to the amount calculated in accordance with sub-Clause 23.1(d). Such objection may only be on the grounds of arithmetical or other manifest error on the face of the Net Statement and shall give full reasons for such objection. If no objection has been received by the Company from the relevant Scheme Creditor within the above 30 day period, the amount set out in accordance with sub-Clause 23.1(d) in the Net Statement shall be the Scheme Creditor's Net Established Liability.
- 23.5 In the event that the Company agrees with the objections of a Scheme Creditor received within the period referred to in sub-Clause 23.4, the relevant Net Statement shall be amended and sent to the relevant Scheme Creditor (in accordance with Clause 43) within 30 days after the receipt by the Company of the Scheme Creditor's objections. The provisions of sub-Clause 23.4 and this sub-Clause 23.5 shall apply, with necessary changes, to the amended Net Statement as if it were the Net Statement first mentioned with any necessary changes to dates to reflect successive 30 day periods for the sending and objecting to subsequent Net Statements, provided that any agreed objections which are correctly reflected in an amended Net Statement may not be objected to by the Scheme Creditor.
- 23.6 In the event that the Company does not agree with the objections of the Scheme Creditor received within the period allowed by sub-Clause 23.4, it shall notify the Scheme Creditor of its disagreement (in accordance with Clause 43) as soon as possible. Unless the Scheme Creditor informs the Company that it accepts the accuracy of the Net Statement, within 30 days after the deemed receipt of such notification (in accordance with Clause 43), the Disputed Matter (which notwithstanding any other provision of the Scheme shall be limited to a dispute on the grounds of arithmetical or other manifest error on the face of the Net Statement) and all relevant information and documents shall be referred by the Company to the Scheme Adjudicator to be adjudicated upon in accordance with Clause 21 and the Scheme Creditor shall be notified of such referral.
- 23.7 The amount determined by the adjudication of the Scheme Adjudicator under sub-Clause 23.6 shall be binding on the Company and the relevant Scheme Creditor and shall be that Scheme Creditor's Net Established Liability.

24. EXTENSION OF TIME LIMITS

- 24.1 Except in relation to the Bar Date, the Company may, in its absolute discretion, either generally or in respect of any particular Notified Scheme Claim, Notified Offset Amount and/or Suspended Scheme Claim extend any time period referred to in this Part 3, including the time:
- (a) within which the Company is required to refer Disputed Matters to the Scheme Adjudicator pursuant to Clause 21; and

- (b) within which the Scheme Adjudicator is to provide his certificate pursuant to sub-Clause 21.15.

24.2 In its absolute discretion (such discretion only to be exercised in the most exceptional circumstances) the Company may treat any Scheme Claims of a Scheme Creditor which have not been notified to the Company on a Claim Form before the Bar Date under sub-Clause 18.3 and (if appropriate) sub-Clause 18.9 as being Notified Scheme Claims of that Scheme Creditor. The Company shall not be liable to any Scheme Creditor (and no Scheme Creditor shall be entitled to bring any Proceedings with respect to the same) in relation to the Company's decision to exercise or not to exercise its discretion under this sub-Clause.

25. BROKER FUNDING

25.1 Brokers (or agents) who have funded Scheme Claims (whether voluntarily or involuntarily) shall not thereby constitute Scheme Creditors in respect of such Scheme Claims unless:

- (a) they have so funded pursuant to the terms of a valid assignment or valid authority to pay (in a form acceptable to the Company or to the Scheme Adjudicator, as the case may be) from the beneficiaries of such funding; or
- (b) such funding took place as a consequence of enforceable contractual obligations or in circumstances where, as a matter of law, the Company is liable to indemnify or reimburse such brokers (or agents).

25.2 In determining whether funding falls within sub-Clause 25.1, in the absence of agreement between the Company and the broker (or agent), the determination of the Scheme Adjudicator shall be final and binding and no right of appeal shall be available except as permitted by law.

26. TREATMENT OF UNDERWRITING AGENTS ETC

26.1 The Company shall be entitled (but shall not be bound) to treat any underwriting agent (including, but not limited to, any manager of an underwriting pool, managing general agent, holder of a line-slip or binding authority) as a Scheme Creditor in substitution for his principal(s) and so that mutual debts and credits as between the Company and the principal(s) of that underwriting agent in respect of the business conducted on its or their behalf by that underwriting agent within such common pool or agency arrangements shall be set off in accordance with Clause 12 as if the agent were the principal Scheme Creditor, provided that the Company shall not exercise its entitlement under this sub-Clause 26.1 if to do so would materially prejudice the interests of the relevant principal(s).

26.2 Any payment made to an underwriting agent in accordance with sub-Clause 26.1 shall be deemed to have been made to, and shall constitute good discharge of, the amounts due to the principal(s) concerned. Receipt by the underwriting agent thereof shall be deemed to be a valid receipt on behalf of the principal(s) concerned.

PART 4: PAYMENTS UNDER THE SCHEME

27. PAYMENT OF NET ESTABLISHED LIABILITIES

- 27.1 As soon as reasonably practicable, and in any event within 21 days, after the final agreement or determination of a Scheme Creditor's Net Statement in accordance with Clause 23, the Company shall make payment in full to that Scheme Creditor in respect of any Net Established Liability due to that Scheme Creditor.

28. METHOD OF PAYMENT

- 28.1 All payments to a Scheme Creditor under the Scheme made by way of telegraphic transfer shall be made to such bank account as that Scheme Creditor shall have notified to the Company in accordance with sub-Clause 23.3 and either in favour of the Scheme Creditor concerned or to such other person as the Scheme Creditor may direct in accordance with sub-Clause 23.3. A telegraphic transfer shall be at the risk of the Scheme Creditor concerned.
- 28.2 All payments to a Scheme Creditor under the Scheme made by way of cheque shall be made in favour of the Scheme Creditor concerned or such other person as the Scheme Creditor may direct in accordance with sub-Clause 23.3. Cheques shall be sent by Post to the last known address of such Scheme Creditor or to such other address as such Scheme Creditor may from time to time notify to the Company at the risk of the Scheme Creditor concerned.
- 28.3 Payment of any such cheque as is referred to in sub-Clause 28.2 by the banker on whom it is drawn shall be satisfaction of the moneys in respect of which it was drawn and receipt of the amount of such telegraphic transfer as is referred to in sub-Clause 28.1 into such account shall be satisfaction of the moneys in respect of which it was paid.
- 28.4 In the event that an Unclaimed Balance exists after the expiry of six months after the first dispatch by Post in accordance with sub-Clause 28.2 of a cheque or first attempt to make payment by telegraphic transfer in accordance with sub-Clause 28.1, the Company shall take reasonable steps to contact the Scheme Creditor concerned to inform it of the uncashed or unclaimed payment and make a further attempt to make payment, provided that the Company is satisfied that no double payment will be made.
- 28.5 If any Unclaimed Balance exists after the expiry of 3 months following the 6 month period referred to in sub-Clause 28.4 above the relevant cheque or telegraphic transfer shall be cancelled by the Company. Any such Unclaimed Balance in existence and any interest thereon (including any accumulated interest) shall remain the property of the Company, the Scheme Creditor's right to such payment shall be extinguished and the Net Established Liability to which it relates shall be deemed to have been satisfied in full.

29. NO RELEASE OF COMPANY

- 29.1 Without prejudice to sub-Clauses 15.1 to 15.3 but subject to Clause 22, nothing in the Scheme shall be construed as resulting in any release, extinguishment, modification, compromise or waiver of any liability owed by the Company, save that upon determination under Part 3 of a Net Established Liability due to a Scheme Creditor pursuant to the Scheme, that Net Established Liability shall constitute the Company's entire liability to the Scheme Creditor concerned for the purposes of making payments under this Part 4. Payment in full of the amount of a Scheme Creditor's Net Established Liability due to it (if any) in accordance with Part 4 shall extinguish any further entitlement to payment to that Scheme Creditor in respect of its Scheme Claim (whether under the Scheme or otherwise) and such payment shall be made in exchange for and preconditional upon the release of any Security held by that Scheme Creditor (to the extent not already released).

30. THIRD PARTY RELEASE

- 30.1 Whether or not it shall be entitled to receive payment under the Scheme, each Scheme Creditor agrees that, it will release any person (other than the Company whose position is governed by sub-Clause 29.1 and any Co-(Re)insurer) which may have a liability to that Scheme Creditor in relation to a (Re)insurance Contract.

PART 5: OFFICE HOLDERS

31. QUALIFICATION, APPOINTMENT, RESIGNATION AND REMOVAL

- 31.1 At any time, there shall be one Scheme Actuary, one Scheme Adjudicator and one or more Scheme Advisers appointed for the purposes of and having the powers, rights, duties and functions conferred upon them by the Scheme.
- 31.2 A Scheme Adviser shall be any individual who in the reasonable opinion of the Company is duly qualified to discharge the function of a Scheme Adviser under the Scheme.
- 31.3 The first Scheme Advisers shall be Paul Anthony Brereton Evans and Mark Charles Batten, both partners in the United Kingdom firm of PricewaterhouseCoopers LLP of Plumtree Court, London EC4A 4HT, England, United Kingdom.
- 31.4 A Scheme Adjudicator shall be a person (including a retired person) with not less than 10 years' experience of insurance or reinsurance either working in the industry or as a lawyer, actuary or other professional adviser serving the industry and who in the reasonable opinion of the Company is duly qualified to discharge the function of the Scheme Adjudicator under the Scheme. The first Scheme Adjudicator shall be Christopher Hayes Shaw Burbidge, whose Curriculum Vitae is at Appendix (iii) to the Explanatory Statement.
- 31.5 The Scheme Actuary shall be an individual who is a fellow of an actuarial body which is affiliated to the International Actuarial Association and who has at least five years' continuous experience of actuarial work and who is duly qualified in the reasonable opinion of the Company to discharge the function of the Scheme Actuary under the Scheme. The first Scheme Actuary shall be Paul Martin Murray an actuary in the actuarial firm of EMB Consultancy LLP of Saddlers Court, 64-74 East Street, Epsom, Surrey KT17 1HB, England, United Kingdom.
- 31.6 The office of Scheme Adviser, Scheme Actuary and Scheme Adjudicator shall be vacated if the relevant appointee shall:
- (a) die, become bankrupt or mentally disordered or becomes disqualified by any professional body of which he is a member;
 - (b) be convicted of an indictable offence;
 - (c) be disqualified from acting as a director of a company under the Company Directors Disqualification Act 1986 or equivalent legislation in any other jurisdiction;
 - (d) resign his office by giving 90 days' notice to the Company or such shorter period of notice as may be agreed by the Company; or
 - (e) be removed for good cause by the Company acting through its Board,

and the Company shall, in that event, forthwith appoint a person who is qualified to act as appropriate pursuant to this Clause 31 and who is not disqualified to act under this sub-Clause 31.6 as a Scheme Adviser, Scheme Actuary or Scheme Adjudicator (as the case may be).

- 31.7 The Officeholders may delegate to any Delegatee in the same firm, partnership or other legal entity as the relevant Officeholder (as approved by the Company) all or any of the powers, rights, duties, authorities and functions conferred upon them under the Scheme and from time to time revoke any such delegation, provided that the relevant Officeholders shall be personally responsible for any act or omission of any such Delegatee to the same extent as if they had expressly authorised it.

32. POWERS, RIGHTS, DUTIES AND FUNCTIONS OF SCHEME ADVISERS

- 32.1 The Scheme Advisers shall provide advice to the Company when requested to do so (but with no obligation to do so) and, having agreed to do so, shall provide such advice as may reasonably be required to facilitate the implementation of the Scheme, and shall have the powers, rights, duties and functions conferred upon them under the Scheme for such purpose.
- 32.2 Without prejudice to the generality of sub-Clause 32.1, in performing or exercising their powers, rights, duties and functions under the Scheme, the Scheme Advisers shall be entitled:
- (a) to have full access at all times to all books, papers and other documents of the Company which remain in the possession or under the control of the Company insofar as they relate to the Zug Branch Business; and
 - (b) to do all other things incidental to the performance and exercise of the powers, rights, duties and functions conferred upon them under the Scheme.
- 32.3 Where more than one person has been appointed as Scheme Adviser, the powers, rights, duties and functions of the Scheme Advisers under the Scheme may be performed and exercised jointly and severally and any act required to be done by the Scheme Advisers pursuant to the Scheme may be done by any one or more or all of them.
- 32.4 The powers of the Board shall remain as before the Effective Date.

33. POWERS, RIGHTS, DUTIES AND FUNCTIONS OF SCHEME ADJUDICATOR

- 33.1 Without prejudice to the provisions of Clause 21, the Scheme Adjudicator shall be responsible for the adjudication of:
- (a) any issues of fact, law, liability and quantum directly or indirectly necessary to adjudicate on any Disputed Matters (including disputes relating to the Supporting Information to be used to determine the level of net present value discounting to be applied to IBNR)-including;
 - (b) any disputes relating to Net Statements pursuant to sub-Clause 23.6;

- (c) any disputes relating to the Company's determination under sub-Clause 8.3;
and
 - (d) any disputes relating to the Company's determination under sub-Clause 25.2.
- 33.2 Subject to any directions which may be given by any Scheme Adjudicator in accordance with sub-Clauses 21.16 to 21.18, the Company shall pay such reasonable remuneration to the Scheme Adjudicator for the exercise and performance of his powers, duties and functions under the Scheme as may be agreed between the Company and the Scheme Adjudicator. Subject to sub-Clauses 21.16 to 21.18, the Company shall pay all costs, charges and expenses reasonably incurred by the Scheme Adjudicator including, subject to the prior agreement of the Company, the cost of any retained legal advisers or experts in the course of exercising and performing his powers, duties and functions under the Scheme.
- 33.3 In the event of the removal of a Scheme Adjudicator, he shall be entitled to remuneration for the exercise and performance of his powers, rights, duties and functions under the Scheme and to his costs, charges and expenses in connection with the same to the date of his removal and also to his costs, charges and expenses in connection with the provision of documents at the Company's request after his removal (each in accordance with the terms previously agreed between the Company and the Scheme Adjudicator) and subject to sub-Clauses 21.16 to 21.18.
- 33.4 In the event that the Scheme Adjudicator shall become aware that he has a conflict of interest in relation to any matter referred to him under the Scheme, the Scheme Adjudicator shall as soon as reasonably practicable thereafter inform the Company and the relevant Scheme Creditor of such conflict forthwith. In the event of such notification by the Scheme Adjudicator, the Company may, at its discretion, appoint an alternate Scheme Adjudicator for the sole purpose of adjudicating on the relevant matter only and shall immediately give notice of such appointment to the Scheme Actuary and the Scheme Creditor in relation to which the conflict arises. For the avoidance of doubt, the Scheme Adjudicator's appointment shall, subject to sub-Clause 31.6, continue on all other matters referred to him under the Scheme unless a conflict shall arise in respect of any of those matters in which event this sub-Clause 33.4 shall apply.
34. **POWERS, RIGHTS, DUTIES AND FUNCTIONS OF SCHEME ACTUARY**
- 34.1 The Scheme Actuary shall provide advice to the Company, if requested to do so, in relation to the consideration and agreement by the Company of Scheme Creditors' Notified Outstanding Claims and/or Notified Offset Amounts in accordance with Clause 19.4(a).
- 34.2 The Scheme Actuary shall be remunerated for the exercise and performance of his powers, duties and functions under the Scheme and his costs, charges and expenses in connection with the same (each in accordance with any terms as may be previously agreed between the Scheme Actuary and the Company).
- 34.3 In the event of the removal of a Scheme Actuary, he shall be entitled to remuneration for the exercise and performance of his powers, rights, duties and functions under the Scheme and to his costs, charges and expenses in connection with the same to the date

of his removal and also to his costs, charges and expenses in connection with the provision of documents at the Company's request after his removal (each in accordance with any terms agreed beforehand between the Company and the Scheme Actuary).

35. RESPONSIBILITY AND INDEMNITY OF THE OFFICEHOLDERS, THE COMPANY, ~~THE BOARD~~, ANY EMPLOYEE AND ANY DELEGATE

- 35.1 In exercising their respective powers and rights and carrying out their respective duties and functions under the Scheme, the Officeholders, the Company, ~~the Board~~, any Employee and any Delegatee shall act in good faith and with due care and diligence and shall exercise their powers and rights under the Scheme to ensure that the Scheme is operated in accordance with its terms.
- 35.2 No Scheme Creditor shall be entitled to challenge the validity of any act done or omitted to be done in good faith by the Officeholders or any one or more of them, the Company, ~~the Board~~, any Employee or any Delegatee in accordance with and to implement the provisions of the Scheme or the exercise or performance in good faith of any power, right, duty or function conferred upon them for the purposes of the Scheme if exercised in accordance with and to implement the provisions of the Scheme and the Company, ~~the Board~~, any Officeholder, Employee or Delegatee shall not be liable for any loss unless such loss is attributable to its wilful default, wilful breach of duty or trust, fraud or dishonesty.
- 35.3 Subject to the Act, each Officeholder (in his capacity as such) and each Employee and Delegatee ~~and the Board~~ shall, in relation to the Company, be entitled to an indemnity out of the Property of the Company against:
- (a) all actions, claims, Proceedings and demands brought or made against any of them in respect of any act done or omitted to be done by any of them in their official capacity as such Officeholder, Employee, or Delegatee ~~or Board Member~~ (as the case may be) in good faith without negligence, wilful default, wilful breach of duty or trust, fraud or dishonesty on their part in the course of implementing the Scheme in accordance with its terms; and
 - (b) all expenses and liabilities properly incurred by any of them in carrying out, performing or exercising any power, right, duty or function conferred upon them under the Scheme or in implementing the Scheme in accordance with its terms.
- 35.4 Without prejudice to the generality of sub-Clause 35.3, each such person as is expressed to be entitled to an indemnity in accordance with that Clause (in the capacity in which it is entitled to such an indemnity) shall be entitled to an indemnity out of the Property of the Company:
- (a) against any liability incurred by him in defending any Proceedings, whether civil or criminal, in respect of any negligence, wilful breach of duty or trust, fraud or dishonesty on his part in relation to the operation of the Scheme in which judgment is given in his favour or in which he is acquitted; or

- (b) in connection with any application in any such Proceedings in which relief is granted to him by a court from liability for negligence, wilful default, wilful breach of duty or trust, fraud or dishonesty on his part in relation to the operation of the Scheme.

- 35.5 The Company may pay costs incurred by any such person as is referred to in sub-Clause 35.4 in connection with defending Proceedings of the nature described in sub-Clause 35.4 which relate to the operation of the Scheme on an ongoing basis provided that the Company obtains from such person an undertaking to reimburse the Company (with interest) for any amount which would not, in the event, have been payable by the Company under sub-Clause 35.4.
- 35.6 This Clause 35 shall survive the termination of the Scheme pursuant to Parts 6 and 7.
- 35.7 For the avoidance of doubt, nothing in this Clause 35 shall affect or prejudice any claims against any Officeholder or Delegatee by the Company.

PART 6: REVERSION TO RUN-OFF

36. REVERSION TO RUN-OFF

- 36.1 If at any time prior to the first reference by the Company to the Scheme Adjudicator of a Disputed Matter pursuant to Clause 21 the Company believes, in its absolute discretion, that the Scheme is no longer beneficial to it, then the Company shall call a meeting of the Board to consider and, if thought fit, pass a resolution approving the termination of the Scheme. Board resolves that the Notified Scheme Claims (taking into account Notified Offset Amounts) are in aggregate value materially in excess of the Company's reserves attributable to the Zug Branch Business, the Board may, if it thinks fit (having consulted with the Scheme Actuary, the Scheme Advisers and the Company's legal advisers), resolve that the Scheme should terminate (in which case sub-Clause 36.2 shall apply).
- 36.2 Subject to (in the case of a Scheme Creditor that has received payment in full of its Net Established Liability) Clauses 29 and 30 and, in addition, Clauses 35 and 37 (which shall survive such termination) the Scheme will terminate upon written notice being given (in accordance with Clause 43) by the Company to the Scheme Creditors of the resolution of the Board to that effect. The Company shall also place notice on the Website and once in the same newspapers and publications in which the Scheme Creditors' Meetings ~~was~~ were advertised that the Scheme shall terminate.

37. EFFECTS OF REVERSION TO RUN-OFF

- 37.1 If the Scheme terminates and the Zug Branch Business reverts to run-off as contemplated by sub-Clause 36.1:
- (a) any amounts of Outstanding Losses and/or IBNR which have been agreed under Part 3 shall not be binding on the Company nor on the relevant Scheme Creditor save to the extent that payment has been made in respect of such Scheme Claims pursuant to Part 4; and
 - (b) any Agreed Losses (to the extent that they are not statute barred or otherwise unenforceable) shall be binding on the Company and on the relevant Scheme Creditor; and shall be paid by the Company after taking into account any Offset Amounts; and
 - (c) a Scheme Creditor shall not be prevented from making a claim in the run off of the Zug Branch Business in the ordinary course of business by reason alone of not having submitted a Claim Form to the Company before the Bar Date in accordance with Part 3.

PART 7: TERMINATION OF THE SCHEME

38. TERMINATION OF THE SCHEME

~~38.1 Subject to (in the case of a Scheme Creditor that has received payment in full of its Not Established Liability) Clauses 29 and 30 and, in addition, Clauses 35 and 37 (which shall survive such termination), the Scheme shall automatically terminate on:~~

38.1 (a) Subject to Clauses 29, 30, 35 and 37 (which shall survive such termination), the Scheme shall automatically terminate on the expiration of the period of ten months after the last telegraphic transfer is initiated or cheque is dispatched in accordance with Clause 28, or

~~(b) the Company gives notice in writing to the Scheme Creditors (in accordance with Clause 43) that after due enquiry it has concluded that the Scheme is no longer in the interests of the Scheme Creditors as a whole and places notices to this effect on the Website and once in these newspapers and publications in which the Scheme Creditors' Meeting was advertised.~~

38.2 Within 14 days after the expiration of the period referred to at sub-Clause ~~38.1(a), 38.1~~, the Company shall give notice in accordance with Clause 43 to each Scheme Creditor and any other person to whom written notice was given of the Scheme Creditors' Meetings notice that the Scheme has been implemented in accordance with its terms and that accordingly no further payments shall be made to Scheme Creditors by the Company in respect of Scheme Claims.

38.3 Within 14 days after the expiration of the ~~respective periods~~period referred to in sub-Clause ~~38.1(a) or 38.1(b), 38.1~~, the Company shall give notice (in accordance with Clause 43) to the Officeholders that the Scheme has terminated.

~~38.4 Upon the Scheme terminating in accordance with sub-Clause 38.1(b), sub-Clause 37.1 will apply with the addition of the words "or adjudicated" before "under Part 3" in sub-Clause 37.1(a).~~

PART 8: GENERAL SCHEME PROVISIONS

39. EFFECTIVE DATE

- 39.1 The Scheme shall become effective as soon as an office copy of the English Court Order sanctioning the Scheme has been delivered for registration to the Registrar of Companies in accordance with s425(3) of the Act.

40. MODIFICATIONS TO THE SCHEME

- 40.1 The Company may, at any hearing by the English Court to sanction the Scheme, consent on behalf of Scheme Creditors to any modification of or addition to the Scheme or any terms or conditions which the English Court may think fit to approve or impose and which the English Court considers would not directly or indirectly have a materially adverse effect on the interests of any Scheme Creditor under the Scheme.

41. COMPUTATION OF TIME

- 41.1 Except where otherwise stated, time periods laid down by the Scheme shall be calculated by reference to days not Business Days but in the event that a time period expires on a day which is not a Business Day, such period of time shall be deemed not to expire until close of business on the Business Day next following.

42. REPRESENTATIONS OF SCHEME CREDITORS

- 42.1 During the Scheme Period, a Scheme Creditor may, at any time, make representations or recommendations (the "Representations or Recommendations") to the Company concerning the application, procedure or implementation of the Scheme, as it sees fit.
- 42.2 If, in the opinion of the Scheme Creditor, any Representation or Recommendation submitted pursuant to sub-Clause 42.1 is not dealt with by the Company in a reasonable manner, the Scheme Creditor may submit such Representation or Recommendation to the Scheme Advisers, who shall be obliged to consult with the Company on behalf of the Scheme Creditor concerned.
- 42.3 Notwithstanding any consultation between the Scheme Advisers and the Company under this Clause 42, any decision made in relation to the Representation or Recommendation shall be at the absolute discretion of the Company, whose decision shall be final.

43. NOTICES AND COMMUNICATIONS

- 43.1 Notwithstanding anything to the contrary in the Scheme (but subject to the provisions of sub-Clauses 17.1, 17.3 and 36.2 ~~and 38.1(b)~~) for the purpose of the Scheme, forms, statements, documents, information, amounts, notices or other written communications required to be or capable of being given or sent under this Scheme concerning Notified Scheme Claims and Notified Offset Amounts (including any Claim Form or Supporting Information) may be given or sent by the Company or the Scheme Creditor concerned (as appropriate) in Electronic Form:

- (a) in the case of the Company, to the Website or email address csilverman@qbe-europe.com with a copy to zuginfo@qbe-europe.com or, if by facsimile, to facsimile number +353 1662 060544 (0)20 7105 4023 (marked for the attention of ~~Mary Ryan/Garry Galvin~~ Caroline Silverman) or such other email address or facsimile number as the Company may notify to one or more or all Scheme Creditors for the purpose of this Clause 43;
- (b) in the case of Scheme Creditors, to the email address specified or provided (either explicitly or in the course of previous communications) by the Scheme Creditor concerned (the use of which the Scheme Creditors hereby consent to) or, if by facsimile, to the last facsimile number of which the Company is aware;
- (c) in the case of the Scheme Adjudicator to the email address chris.burbidge@domaine.org.uk or, if by facsimile, to facsimile number +44 (0) 1243 573656 (marked for the attention of Christopher Burbidge), or such other email address or facsimile number as the Scheme Adjudicator may notify to one or more or all Scheme Creditors for the purpose of this Clause 43;
- (d) in the case of the Scheme Advisers to the email address ian.cessford@uk.pwc.com or, if by facsimile, to facsimile number + 44 (0) 117 928 1111 (marked for the attention of Ian Cessford), or such other email address or facsimile number as the Scheme Advisers may notify to one or more or all Scheme Creditors for the purpose of this Clause 43; and
- (e) in the case of the Scheme Actuary to the email address paul.murray@emb.co.uk or, if by facsimile, to facsimile number +44 (0) 1372 751 061, or such other email address or facsimile number as the Scheme Actuary may notify to one or more or all Scheme Creditors for the purpose of this Clause 43.

43.2 Notwithstanding any provision in the Scheme (but subject to the provisions of sub-Clauses 17.1, 17.3 and 36.2 and 38.1(b)) for the purposes of the Scheme, any such information, forms, statements, documents, notices or other written communications referred to in sub-Clause 43.1 to individual Scheme Creditors, the Company, the Scheme Advisers, the Scheme Actuary or the Scheme Adjudicator (as the case may be) may also be given either:

- (a) by delivering the same by hand (including by courier); or
- (b) by posting the same by Post, as appropriate;

in each case

- (i) in the case of Scheme Creditors, to such Scheme Creditor's last known address of which the Company is aware;
- (ii) in the case of the Company to 6th Floor, St Stephen's Green House, Earlsfort Terrace, Dublin 2, Ireland Plantation Place, 30 Fenchurch Street, London EC3M 3BD, or such other address as the Company

may notify to one or more or all Scheme Creditors for the purposes of this Clause 43;

- (iii) in the case of the Scheme Adjudicator to Fletchers Cottage, Old Park Lane, Bosham, West Sussex PO18 8EX, United Kingdom, or such other address as the Scheme Adjudicator may notify to one or more or all Scheme Creditors for the purpose of this Clause 43;
- (iv) in the case of the Scheme Advisers to PricewaterhouseCoopers, Plumtree Court, London EC4A 4HT, United Kingdom (marked for the attention of Ian Cessford), or such other address as the Scheme Advisers may notify to one or more or all Scheme Creditors for the purpose of this Clause 43; and
- (v) in the case of the Scheme Actuary to EMB Consultancy LLP, Saddlers Court, 64-74 East Street, Epsom, Surrey KT17 1HB, United Kingdom (marked for the attention of Paul Murray), or to such other address as the Scheme Actuary may notify to one or more or all Scheme Creditors for the purpose of this Clause 43.

43.3 Notwithstanding any provision in this Scheme, Claim Forms submitted to the Company in accordance with sub-Clauses 18.3 and 18.9 and Supporting Information submitted to the Company in accordance with Clause 18 may be submitted to the Company through the Website in accordance with the terms set out in that Website.

43.4 Any notice (except such notice as is referred to in sub-Clauses 17.1, 17.3 and 36.2 and ~~38.1(b)~~) to be given under or in relation to the Scheme to all Scheme Creditors will be deemed to have been duly given to Scheme Creditors if it is advertised once in each of those newspapers and other publications in which the notice of the Scheme Creditors' Meetings was advertised.

43.5 Any such information, amounts, forms, statements, documentation, notices or other communication referred to in sub-Clauses 43.1 to 43.4 to be given under the Scheme shall be deemed to have been served and received:

- (a) if delivered by hand or by courier pursuant to sub-Clause 43.2(a) on a Business Day at the time of such delivery;
- (b) if sent by Post pursuant to sub-Clause 43.2(b) on the second Business Day after posting if the recipient is in the country of despatch, otherwise on the seventh Business Day after posting;
- (c) if advertised, when advertised in accordance with sub-Clause 43.4;
- (d) if given by email, at the time the sender's computerised records so specify that such communication was successfully sent;
- (e) if sent by facsimile upon production of a clear facsimile report confirming the facsimile was successfully sent; and
- (f) if submitted through the Website, at the time the Website accepts such communication.

- 43.6 In proving service by Post, the party seeking to rely upon such effective service must supply reasonable proof of having placed into the Post a properly stamped and addressed envelope containing the relevant notice, statement, documentation, information, form or other written communication.
- 43.7 For communication purposes, the Company may, at its discretion, treat those acting on behalf of Scheme Creditors in the ordinary course (including, but not limited to professional advisers, managing general agents, the managers of underwriting pools, the holders of line slips or binding authorities or similar representative bodies ("Representatives")) on the basis that those Representatives are fully authorised to represent the Scheme Creditor concerned.
- 43.8 Whilst the Company takes all reasonable precautions to ensure that no viruses are present in any email which it sends to a Scheme Creditor it shall not be liable for any loss or damage arising from the opening or use by that Scheme Creditor of any email or attachments received from the Company. Notwithstanding the other provisions of this Clause 43, any email received by the Company from a Scheme Creditor which is found to contain any virus, harmful components or other disruptive program or device shall be deemed not to have been received. The Company shall, however, as soon as reasonably practicable after becoming aware notify the relevant Scheme Creditor (in accordance with this Clause 43) of the existence of any email sent by it which is found to contain a virus for the purposes of enabling it to be re-sent.

44. GOVERNING LAW AND JURISDICTION

- 44.1 Save, for the avoidance of doubt, as otherwise provided by Part 3, the Scheme shall be governed by, and construed in accordance with, the laws of England and Wales, and the Scheme Creditors hereby irrevocably agree that the English Court shall have exclusive jurisdiction to hear and determine any Proceedings and to settle any dispute which may arise out of the Explanatory Statement or any provisions of the Scheme, including this sub-Clause 44.1, or out of any action taken or omitted to be taken under the Scheme or in connection with the administration of the Scheme, provided, however, that nothing in this sub-Clause 44.1 shall affect the validity of any other provisions determining governing law as between the Company and any of its Scheme Creditors whether contained in any (Re)insurance Contract or otherwise to the extent that such provisions are not inconsistent with this Scheme.

45. PARTIAL INVALIDITY

- 45.1 If at any time any provision of the Scheme is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of that provision under the law of any other jurisdiction, nor the legality, validity or enforceability of any other provision under the law of that or any other jurisdiction shall in any way be affected or impaired thereby.

Date: ~~9 June~~22 December 2005

SCHEDULE

CLAIM FORM AND CLAIM FORM GUIDANCE NOTES

NB: The figures set out in the Claim Form and the contract currency details at pages 105 to 106 are for illustrative purposes only.

SCHEDULE

CLAIM FORM AND CLAIM FORM GUIDANCE NOTES QBE REINSURANCE (UK) LIMITED (the "Company")

(only in relation to the Company's liabilities in respect of the Zug Branch Business (as defined in the Scheme of Arrangement))

You should read carefully the instructions set out below and contained in the following pages (the numbers in brackets at the head of the columns on pages 105 and 106 correspond to the numbered instructions contained in the Claim Form Guidance Notes on pages 108 to 111). The Claim Form is to be completed for each Scheme Claim in relation to which you are a Scheme Creditor as at the Effective Date, with Outstanding Losses and IBNR being valued as at the Valuation Date, namely 31 December 2004. Certain capitalised words and expressions are used in the Claim Form and Claim Form Guidance Notes. These have the same meanings and should be construed in the same way as in Clause 1 of the Scheme of Arrangement (at pages 56 to 67 of the Scheme). This Claim Form and any Supporting Information must be completed in accordance with the Claim Form Guidance Notes and pages 78 to 80 of the Scheme Document and returned to the Company, either:

- (i) by using the Website (and in accordance with the instructions set out on the Website at www.zuginsurance-scheme.co.uk); or
- (ii) by Post, by hand or by courier to QBE Reinsurance (UK) Limited at 6th Floor, St Stephen's Green House, Earlsfort Terrace, Dublin 2, Ireland Plantation Place, 30 Fenchurch Street, London EC3M 3BD, marked for the attention of Mary-Ryan/Garry-Galvin/Caroline Silverman; or
- (iii) by facsimile at number +353 1 662 0605 44 (0)20 74105 4023, marked for the attention of Mary-Ryan/Garry-Galvin/Caroline Silverman; or
- (iv) by email to csilverman@qbe-europe.com with a copy to zuginfo@qbe-europe.com (in a pdf format),

as soon as possible and, in any event, so as to be received by the Company no later than the Bar Date.

After the Bar Date no new or revised Claim Form(s) or Supporting Information will be admitted, except, in relation to Supporting Information only, in response to a request from the Company or the Scheme Adjudicator. If a Scheme Creditor does not complete and return a Claim Form so as to be received by the Company before the Bar Date, that Scheme Creditors' Scheme Claim (with the exception of its Agreed Losses, if any, which are not statute barred or otherwise unenforceable) will be valued at nil.

Please note that if a Claim Form is submitted by email or facsimile the relevant Scheme Creditor is required to submit a hard copy of that Claim Form with an original signature to the Company (either by hand, by courier or by Post and to the address given above) within 7 days of the Bar Date.

Scheme Creditors should complete a separate Claim Form for each contract currency.

The type of Supporting Information which a Scheme Creditor must return to the Company before the Bar Date is dealt with in the Claim Form Guidance Notes and on pages 78 to 80 of the Scheme Document.

FRF.

CREDITOR

AND

CK

Clalpa Form continued on next page

[illegible]

CONTRACT CURRENCY:FRF..... NAME AND ADDRESS:
 SCHEME CREDITOR

NEGATIVE AMOUNTS (I.E. THOSE SUMS DUE FROM YOU TO THE COMPANY) SHOULD APPEAR IN BRACKETS ON THIS CLAIM FORM.

Claim Form continued from previous page

(12) Limit in original currency	(13) Excess in original currency	(14) Limit in Euro	(15) Excess in Euro	(16) Agreed Losses	(17) Outstanding Losses	(18) IBNR	(19) Gross Liability	(20) Offsets		(21) Net Liability (19)-((20a)+(20b))
								(20a) Funds withheld	(20b) Other offsets	
6,000,000	0	914,694	0	1,000	3,000	0	6,000	(5,000)	(700)	300
		3,811,225	5,335,716	5,000	20,000	0	35,000	(20,000)	0	5,000
									Total Net Liability	5,300

TO BE SIGNED AND COMPLETED BY THE SCHEME CREDITOR IN ORDER FOR THIS FORM TO BE VALID

To the best of my knowledge and belief the information on this Claim Form and any Supporting Information, as amended or otherwise, is correct.	
Signed:	Name:
Position/Capacity:	
For and on behalf of (Scheme Creditor name)	Date:

SEE THE FOLLOWING PAGES FOR THE CLAIM FORM GUIDANCE NOTES

CLAIM FORM GUIDANCE NOTES

Completion of Claim Form and provision of Supporting Information

The numbers below refer to the numbered columns in the Claim Form on pages 105 and 106.

Scheme Creditors should note that the Company may have included information in columns (1) to (15) of the Claim Form. It is the sole responsibility of the Scheme Creditor to verify the accuracy of this information and to amend, alter and/or add to it as necessary.

If there are insufficient lines on the Claim Form, please photocopy the Claim Form as many times as necessary and complete the photocopy(ies).

Please refer to pages 78 to 80 of the Scheme Document for further details in relation to completing the Claim Form and to the Supporting Information required. In the event of any conflict between the Claim Form and the terms of the Scheme of Arrangement, the Scheme of Arrangement shall prevail.

(1) Your ref

Please add any reference which will be of assistance to you when we communicate with you regarding your claims.

(2) Our ref

Please verify the accuracy of any information included on your Claim Form and amend, alter and/or add to as necessary (to the extent that you are in possession of this information). The Claim Form should contain all of the QBE references under which each of your claims may arise against the Company.

(3) U/VV year

This is the underwriting year to which the subject (Re)insurance Contract attaches, as per Company records. Please verify the accuracy of any information included on your Claim Form and amend, alter and/or add to as necessary.

(4) Class of Business

Please verify the accuracy of any information included on your Claim Form and amend, alter and/or add to as necessary. Select from the following list: accident; agriculture; aviation; bloodstock; casualty; employers' liability; engineering; financial risks; marine; motor; multi-class; pecuniary loss; personal accident; professional indemnity; property; and satellite.

(5) Nature of Business

Please verify the accuracy of any information included on your Claim Form and amend, alter and/or add to as necessary. Select from facultative, treaty or other.

(6) PR/NP

Please verify the accuracy of any information included on your Claim Form and amend, alter and/or add to as necessary. Select from proportional ("PR") and non-proportional ("NP").

(7) Sub-type of business

Please verify the accuracy of any information included on your Claim Form and amend, alter and/or add to as necessary. Select from the following list: cat XL; fac oblig; quota share; risk XL; stop loss; and surplus.

(8) Broker

Please verify the accuracy of any information included on your Claim Form and amend, alter and/or add to as necessary. Specify the name of the broker who placed the (Re)insurance Contract or, if the placing broker is not known, any other broker intermediary (if known) who acted on your behalf in relation to the (Re)insurance Contract. Enter, in addition, either "Placing Broker" or "Other" as applicable.

(9) Inception date

Please verify the accuracy of any information included on your Claim Form and amend, alter and/or add to as necessary. Specify the date when the liability of the Company under each (Re)insurance Contract commenced. In the case of continuous (Re)insurance Contracts of more than 12 months plus odd time, each annual renewal should comprise a separate row.

(10) Expiry date

Please verify the accuracy of the information included on your Claim Form and amend, alter and/or add to as necessary. This is the date upon which the liability of the Company under the (Re)insurance Contract ceased. In the case of continuous (Re)insurance Contracts of more than 12 months plus odd time, each annual renewal should comprise a separate row.

(11) QBE signed line %

Please verify the accuracy of any information included on your Claim Form and amend, alter and/or add to as necessary. Specify the participation percentage of the Company on each (Re)insurance Contract.

(12) Limit in original currency

Please verify the accuracy of any information included on your Claim Form and amend, alter and/or add to as necessary. This is the limit as per the (Re)insurance Contract wording.

- (13) **Excess in original currency**
Please verify the accuracy of any information included on your Claim Form and amend, alter and/or add to as necessary. This is the excess as per the (Re)insurance Contract wording.
- (14) **Limit in Euros**
Please verify the accuracy of any information included on your Claim Form and amend, alter and/or add to as necessary. Applicable only if the contract currency is a Euro Precursor Currency. This is the limit in original currency converted into Euros at the Relevant Rate of Exchange.
- (15) **Excess in Euros**
Please verify the accuracy of any information included on your Claim Form and amend, alter and/or add to as necessary. Applicable only if the contract currency is a Euro Precursor Currency. This is the excess in original currency converted into Euros at the Relevant Rate of Exchange.
- (16) **Agreed Losses**
Please specify the amount of any Scheme Claim or (where there is more than one Scheme Claim) the aggregate amount of any Scheme Claim in respect of Agreed Losses under each (Re)insurance Contract or annual renewal thereof (if applicable). Please provide Supporting Information in accordance with sub-Clause 18.7 of the Scheme. Please quote in the contract currency. An Agreed Loss is a Scheme Claim, or part thereof, where liability and amount have been agreed at between the Company and the Scheme Creditor (and such agreement has been communicated in writing to the Scheme Creditor).
- (17) **Outstanding Losses**
Please specify the estimated amount of any Scheme Claim or (where there is more than one Scheme Claim) the aggregate estimated amount of any Scheme Claim in respect of Outstanding Losses under each (Re)insurance or annual renewal thereof (if applicable). Please provide particulars of your estimate(s) and all other relevant Supporting Information in accordance with sub-Clause 18.7 of the Scheme. Please quote in the contract currency.
- (18) **IBNR**
Please specify the estimated amount of any Scheme Claim or (where there is more than one Scheme Claim) the aggregate estimated amount of any Scheme Claim in respect of IBNR under each (Re)insurance or annual renewal thereof (if applicable). IBNR includes any Scheme Claim or (where there is more than one Scheme Claim) the aggregate estimated amount of any Scheme Claim in respect of a liability which relates to all or part of a Scheme Creditor's Agreed Losses and/or Outstanding Losses where it is appropriate for that Scheme Creditor to adjust the value of its Scheme Claim in respect of such Agreed Losses and/or Outstanding Losses to reflect its best estimate of the development of such Scheme Claim to their ultimate estimated value (but for the avoidance of doubt, such Scheme Claim shall not include any element of double counting in respect of the amount of such Agreed Losses and/or Outstanding Losses). Please provide particulars of your estimate(s) and all other relevant Supporting Information in accordance with sub-Clause 18.7 of the Scheme. Please provide, in the form of Supporting Information, the basis for the calculation of IBNR (including, but not limited to, the number and cost of applicable reinstatements) and provide documentation in support of this

calculation. Please confirm, in the form of Supporting Information, if IBNR calculation is subject to independent actuarial report and, if so, please provide a copy. Please clarify whether IBNR is discounted or undiscounted. Please quote in the contract currency.

(19) **Gross Liability**

Enter the total of columns (16), (17) and (18).

(20) **Offsets**

In relation to each (Re)insurance Contract or annual renewal thereof (if applicable) insert separate details of funds withheld and of other offsets (column (20b) should include any reinstatement premiums payable to the Company).

(21) **Net Liability**

Enter the result of the calculation of the amount in column (19) less the total of columns (20a) and (20b). Enter the total sum of all column (21) amounts at the foot of the column in the box marked "Total Net Liability".

Please refer to pages 78 to 80 of the Scheme Document for further details in relation to the submission of the Claim Form and to the Supporting Information required.

Claim No. 3637 of 2005

IN THE HIGH COURT OF JUSTICE
(ENGLAND & WALES)

CHANCERY DIVISION

COMPANIES COURT

Mr Justice MANN

25 May 2006

IN THE MATTER OF QBE
REINSURANCE (UK) LIMITED

AND IN THE MATTER OF THE
COMPANIES ACT 1985

ORDER

THE COURT SENT SEALED COPIES OF THIS ORDER TO:-

Mayer, Brown, Rowe & Maw LLP
11 Pilgrim Street
London EC4V 6RW

Tel: 020 7248 4282

Fax: 020 7782 8943

Ref: 21187/04352177

Solicitors for the Petitioners