

**SCHEME OF ARRANGEMENT**  
**(PURSUANT TO SECTION 99 OF THE COMPANIES ACT 1981)**

**between**

**AWCI INSURANCE COMPANY, LTD.**

**(Provisional Liquidator appointed)**

**and its**

**ARRANGEMENT CREDITORS**

**(as defined in the Scheme of Arrangement)**

**Conyers Dill & Pearman Limited**  
Clarendon House, 2 Church Street  
Hamilton HM 12, Bermuda

## CONTENTS

<b>PART 1: PRELIMINARY</b>	<b>3</b>
1. Definitions	3
2. Interpretation	7
<b>PART 2: INTRODUCTORY PROVISIONS</b>	<b>8</b>
3. Application of the Arrangement	8
4. Inter Account Reconciliation	
5. Proceedings by Arrangement Creditors	8
6. Effect of Acts Prohibited by Clause 5.1 and 5.2	9
7. Currency of Payment	10
<b>PART 3: ARRANGEMENT CLAIMS</b>	<b>11</b>
8. Submission of Claims	10
<b>PART 4: PAYMENT PERCENTAGES</b>	<b>12</b>
9. Setting the Payment Percentages	12
<b>PART 5: THE ARRANGEMENT ADVISER AND THE ARRANGEMENT MANAGER</b>	<b>14</b>
10. Appointment	14
11. Functions of the Arrangement Adviser and Arrangement Manager	14
12. Responsibility and Indemnity	14
<b>PART 6: THE BOARD</b>	<b>16</b>
13. Powers of the Board	16
14. Responsibility	16
<b>PART 7: TERMINATION OF THE ARRANGEMENT</b>	<b>17</b>
15. Termination of the Arrangement	17
16. Notice of Termination	17
17. Arrangement Costs and Claims other than Arrangement Claims	17
<b>PART 8: GENERAL ARRANGEMENT PROVISIONS</b>	<b>19</b>
18. Effective Date	19
19. Modifications of the Arrangement	19
20. Notices	19
21. Electronic Communications	20
22. Calculation of Time Periods	21
23. Governing Law and Jurisdiction	22

## PART 1: PRELIMINARY

### 1. DEFINITIONS

- 1.1 In the Arrangement, unless the context otherwise requires or otherwise expressly provides, the following expressions shall bear the following meanings:

**"Act"** the Companies Act 1981 of Bermuda;

**"Adjusting Payment"** is the amount payable to an Arrangement Creditor who has received a payment, or payments, on an Agreed Claim at such time as the relevant Payment Percentage is subsequently increased or decreased in accordance with clause 9.4 of the Arrangement;

**"Agreed Claim"** the amount determined as being due from the Company in respect of an Arrangement Claim from time to time in accordance with the Policies and in respect of which the Arrangement Creditor will receive a payment from the Company representing the current Payment Percentage;

**"Arrangement"** the Arrangement as set out in this document and approved by the requisite majority of Arrangement Creditors at the Meeting with or subject to any modification, addition or condition approved or imposed by the Court;

**"Arrangement Advisers"** KPMG Advisory Limited in Bermuda;

**"Arrangement Assets"** the unencumbered assets of the Company available to meet the Arrangement Costs, all non Arrangement liabilities of the Company which arise from time to time during the course of the Arrangement, the costs of the Provisional Liquidator and the Payment Percentage from time to time;

**"Arrangement Claim"** any claims against the Company under the policies underwritten by the Company through the General Account and the GL SAC;

**"Arrangement Classes"** the two classes of Arrangement Creditors, specifically General Account Arrangement Creditors and GL SAC Arrangement creditors;

**"Arrangement Costs"** the costs and expenses incurred by the Company in promoting and implementing the Arrangement including but not limited to the costs and expenses of the Company's professional advisers, the Provisional Liquidator, the Arrangement Adviser and the Arrangement Manager, as more

particularly set out in clause 17;

**“Arrangement Creditor”** a creditor of the Company in respect of an Arrangement Claim;

**“Arrangement Documents”** all documents provided to Arrangement Creditors by Post or any other means, including those documents available on the Arrangement Website of which this Arrangement is one;

**“Arrangement Manager”** Kane (Bermuda) Limited, being the management company appointed by the Company to manage the preparation, implementation and processes within the Arrangement. The Arrangement Manager will be the point of contact for the Company on all Arrangement matters and for all Arrangement Creditors. Contact information relating to the Arrangement Manager is available on the Arrangement Website;

**“Arrangement Voting Form”** the form which Arrangement Creditors were required to sign and return in order to vote at the relevant Arrangement Meeting on or before 5.00 pm (Bermuda time) on Monday 25 November 2013 and which sets out the value that has been attributed to an Arrangement Creditor’s vote;

**“Arrangement Website”** the website that has been established by the Company that will contain the relevant Arrangement Documents, including Arrangement Claim Forms, notice of the Effective Date and Claims Submission Date, and whose world wide web address is: [www.kpmg.bm/awci](http://www.kpmg.bm/awci)

**"Board"** the board of directors of the Company from time to time, currently consisting of Mark E Nabity (President), Ken Navratil (Vice-President), Steve Etkin, Scott Casabona, William Kasik Buck Buchanan, Christopher M Thomas, Jeffrey Weelen, Michael Heering, Mikel Poellinger, Peter Balint, Robert W Eastham and Michael Frith<sup>1</sup>;

**"Business Day"** any day other than Saturday, Sunday or any other day on which banks in Bermuda are not open for business;

**"Company"** AWCI Insurance Company, Ltd. (provisional liquidator appointed), a company incorporated in Bermuda under the Companies Act 1981 on 17 October 2003, and licensed as a Class 2 insurer under the provisions of the Bermuda Insurance Act 1978 with effect from 21 October 2003.

**"Court"** the Supreme Court of Bermuda;

**"Effective Date"** the date on which an office copy of the order of the Court sanctioning the Arrangement is delivered for registration to the Registrar of Companies in Bermuda;

---

<sup>1</sup> Robert Eastham and Michael Frith are independent directors. Mr Eastham is Managing Director of the Arrangement Manager, Mr Frith is a director of the Arrangement legal advisors, Conyers Dill & Pearman Limited.

**“Explanatory Statement”** the statement dated October 28, 2013 explaining the effect of the Arrangement to Arrangement Creditors in compliance with section 100 of the Act;

**“General Account”** refers to the general account of the Company as that term is defined in the Segregated Account (Companies) Act 2000;

**“GL SAC”** refers to the segregated account in respect of which all Policies other than those in the General Account and the HQS SAC were written;

**“HQS SAC”** is the segregated account which holds and operates the quota share treaty between the Company and the Hartford Fire Insurance Company and its affiliates and subsidiaries;

**“Liability”** any debt or liability (being a liability to pay money or money’s worth) of a person whether it is present or future, certain or contingent, whether its amount is fixed or liquidated or is capable of being ascertained by fixed rules or as a matter of opinion, including any liability under any enactment (in Bermuda or in any other jurisdiction) and any liability in contract, tort or bailment or arising out of an obligation to make restitution or in any other manner whatsoever provided that such expression does not include any debt or liability which is barred by statute under Bermuda law or the law of any other jurisdiction which applies to that liability 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 in respect of such obligation or liability;

**“Meetings”** the meetings of Arrangement Creditors convened by the Company with the leave of the Court for the purpose of considering and, if thought fit approving, the Arrangement;

**“Payment Percentage”** is the percentage set by the Company for each of the Arrangement Classes based on actuarial advice and after consultation with the Arrangement Managers and Arrangement Advisers which will be paid on Arrangement Claims as and when they come due and will be amended upward or downward in accordance with Clause 9.4 herein;

**“Policies”** means all those insurance and reinsurance contracts issued by the Company other than the contracts issued by the Company through the HQS SAC;

**“Post”** delivered by hand (including by a generally recognised commercial courier service), pre-paid first or second class post or airmail;

**“Proceedings”** any form of proceedings in any jurisdiction or forum including, without limitation, any legal proceedings, demand, arbitration, alternative dispute resolution procedure, judicial review, adjudication, mediation, execution, seizure, distraint, forfeiture, re-entry, enforcement of judgment or enforcement of any Security or any step taken for the purpose of creating or enforcing a lien;

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

**“Provisional Liquidator”** is John C. McKenna, appointed by order of the Supreme Court of Bermuda on 24 September 2013 with the powers set out in the order available at [www.kpmg.bm/awci](http://www.kpmg.bm/awci). Following the Effective Date, the winding up petition presented in respect of the Company will be withdrawn and the Provisional Liquidator will be discharged from office;

**“Registrar of Companies”** the registrar or other officer performing under the Act the duty of registration of companies in Bermuda;

**“Security”** (i) any deposit or reserve of funds or assets established by the Company; (ii) any guarantee provided by a third party; (iii) any funds held or otherwise retained by an Arrangement Creditor, in each case to secure payment of any liability arising out of a Reinsurance Contract;

**“Sunset Clause”** a clause contained in all the Policies (and as defined in the Policies) which provides for a ten (10) year limitation period from the date the policy was written in which to report a claim;

**“Termination Date”** is as defined in clause 15 of the Arrangement;

**“US Dollars” or “US\$”** United States Dollars, being the lawful currency of the United States of America;

**“Voting Form”** the document entitled “Voting Form” sent to Arrangement Creditors prior to the Meetings in which Arrangement Creditors were requested to insert details of their Arrangement Claims for voting purposes.

## 2. **INTERPRETATION**

2.1 In the Arrangement, unless the context otherwise requires or the Arrangement expressly provides otherwise:

2.1.1 references to parts, clauses, sub-clauses and appendices are references to the parts, clauses, sub-clauses and appendices respectively of the Arrangement;

2.1.2 references to a “person” include an individual, firm, partnership, limited liability partnership, company, corporation, unincorporated body of persons or any state or state agency;

2.1.3 references to a statute or a statutory provision or to a statutory instrument or provision of a statutory instrument include the same as subsequently modified, amended or re enacted from time to time;

2.1.4 the singular includes the plural and vice versa and words importing one gender shall include all genders; and

2.1.5 headings to parts, clauses, sub-clauses and appendices are for ease of reference only and shall not affect the interpretation of the Arrangement.

## **PART 2: INTRODUCTORY PROVISIONS**

### **3. APPLICATION OF THE ARRANGEMENT**

The Arrangement shall apply to all Arrangement Claims. Arrangement Claims are all those claims arising under the Policies.

### **4. INTER ACCOUNT RECONCILIATION**

Upon the Effective Date, the GL SAC will be credited with the entire amount of the “loan” appearing in the Company’s accounts as at December 31, 2012 as between the General Account and the GL SAC with the result that the GL SAC will have the full benefit of that “loan amount” credited to its account.

### **5. PROCEEDINGS BY ARRANGEMENT CREDITORS**

5.1 Without prejudice to clause 5.4 and save with the consent of the Company, no Arrangement Creditor shall be permitted to institute or continue any Proceedings whatsoever against the Company with respect to the Payment Percentage.

5.2 Save to the extent that the Company has failed to perform any obligation to make a payment to an Arrangement Creditor under the provisions of the Arrangement, no Arrangement Creditor shall be entitled to take or continue any Proceedings against the Company or its Property in any jurisdiction whatsoever to enforce payment in whole or in part of any Arrangement Claim.

5.3 Nothing in the Arrangement shall preclude the Company from commencing or continuing any Proceedings against an Arrangement Creditor.

5.4 For the avoidance of doubt, where a dispute directly arises under a Policy, the relevant Arrangement Creditor shall be entitled to assert and prosecute before the Supreme Court of Bermuda an Arrangement Claim in Proceedings against the Company provided that the relevant Arrangement Claim arises out of a

Policy that is the subject matter of the Arrangement Creditor's claim in the relevant Proceedings.

5.5 For the purposes of this clause 5, the Company shall be deemed not to be continuing any Proceedings which commenced before the Effective Date and in which the Company is not actively prosecuting its claims against such Arrangement Creditor.

**6. EFFECT OF ACTS PROHIBITED BY CLAUSE 5.1 AND 5.2**

6.1 If and to the extent that an Arrangement Creditor obtains an order, judgment, decision or award of a court or tribunal against the Company in relation to an Arrangement Claim in contravention of clause 5.1, such order, judgment, decision or award shall be disregarded when determining the value to be attributed to any Arrangement Claim.

6.2 If any Arrangement Creditor takes any action after the Effective Date which is prohibited by clause 5.2 the Arrangement Creditor shall, without prejudice to any other rights of the Company be treated as having received an advance distribution on account of its Arrangement Claim equal to the amount or gross value of any Property, benefit or advantage obtained by the Arrangement Creditor at the expense of the Company as the result of such action, and the extent to which the Arrangement Creditor is entitled to participate in any distribution under the Arrangement shall be determined accordingly.

6.3 For the purpose of clause 6.2, the gross value of any Property, benefit or advantage obtained by an Arrangement Creditor shall be conclusively determined by the Company and, without limitation, may include such amount as the Company may consider to be appropriate by way of interest, costs, charges or expenses incurred by the Company as a consequence of the relevant Arrangement Creditor acting in a manner prohibited by clause 5.2.

6.4 If the amount of advance distribution which an Arrangement Creditor is treated as having received pursuant to clause 6.2, exceeds the total amount the relevant Arrangement Creditor would have been paid under the Arrangement

at that time, i.e. the Payment Percentage being applied to an Arrangement Claim, then without prejudice to any other rights of the Company, the Arrangement Creditor shall immediately repay the excess to the Company over the Payment Percentage it would have received, failing which interest shall accrue at the annual rate for which LIBOR is in force at such time. Interest shall accrue from day to day for the duration of such period (from and including the first day thereof), shall be calculated on the basis of the actual number of days elapsed and a 360 day year and shall be payable on the last day of such period. Such excess shall be held on trust for the Company by the relevant Arrangement Creditor until paid.

7. **CURRENCY OF PAYMENT**

Unless the Company and the Arrangement Creditor agree otherwise, any amount payable to an Arrangement Creditor in respect of an Arrangement Claim shall be paid in US Dollars.

## **PART 3: ARRANGEMENT CLAIMS**

### **8. SUBMISSION OF CLAIMS**

- 8.1 After the Effective Date Arrangement Creditors should continue to submit claims arising under the Policies in accordance with the terms of the Policies and established process.
- 8.2 The Company, together with its agents and the Arrangement Managers will review and agree claims as they are presented and in accordance with the provisions of the Policies.
- 8.3 Once the claims have been agreed, the Company will make a payment representing the relevant Payment Percentage applicable to that Agreed Claim to the Arrangement Creditor at the appropriate time. Subject to the provisions of clause 9.4, that payment will be in full and final settlement of the Arrangement Creditor's Agreed Claim.
- 8.4 To the extent there are mutual balances due between parties, it is appropriate for those balances to be set-off against each other, leaving a net balance due from one party. Hence the Arrangement provides that amounts due from the Company to an Arrangement Creditor under the Arrangement in respect of Agreed Claims can, by agreement between the Company and Arrangement Creditor, be set off against all amounts owed by that Arrangement Creditor to the Company.

## **PART 4: PAYMENT PERCENTAGES**

### **9. SETTING THE PAYMENT PERCENTAGES**

9.1 The Payment Percentage for each Arrangement Class shall be calculated based on the following formula:

$$\{\text{Total Assets} / [\text{Reserves} + \text{Run-off provision} + 10\% \text{ Safety Margin} + \text{Regulatory Requirement}]\}$$

9.2 The initial Payment Percentage will be 47% in respect of General Account Arrangement Creditors and 10% in respect of GL SAC Arrangement Creditors.

9.3 The Board shall review the Payment Percentages on an annual basis, following finalisation of the Company's year-end financial statements. The financial statements shall reflect the high end findings of an annual actuarial review.

9.4 Following the annual review of the Payment Percentages, the Board shall, as appropriate and in accordance with clause 9.1, adjust a Payment Percentage either upwards or downwards in respect of either or both of the Arrangement Classes, or leave a Payment Percentage at the existing level.

9.5 In the event that a Payment Percentage is adjusted upwards in accordance with this Part 4, Arrangement Creditors who have already received payments in respect of Agreed Claims will receive an additional Adjusting Payment in respect of that claim representing: (1) the difference between the amount they received and the amount they would have received on the adjusted Payment Percentage; and (2) a compensatory payment calculated by reference to a simple rate of interest equal to the 5 year US Treasury yield rate on this amount, such interest accruing from the date that payment is first made for an Agreed Claim.

- 9.6 In the event that a Payment Percentage is adjusted downwards, Arrangement Creditors who have already received a payment will not be required to return any portion of that payment to the Company.
- 9.7 The Board shall retain the right to suspend payments to Arrangement Creditors at any time if such circumstances arise that cause the Board, in consultation with the Arrangement Advisers and Arrangement Managers, to form the view that a Payment Percentage may need to be adjusted downwards. During this period, the Board will take immediate steps to re-assess the Company's financial position, consulting with the Arrangement Advisers, Arrangement Managers and seeking actuarial advice (as required) to establish if there is a need to reduce the level of a Payment Percentage.
- 9.8 No Adjusting Payment will be made on an Agreed Claim where the amount of the Adjusting Payment, would be less than US\$250. If the Arrangement Creditor submits any further claim during the course of the Arrangement which becomes Agreed Claims, the payment to be made in respect of the unpaid Adjusting Payment on the first Agreed Claim will be aggregated with the Payment Percentage payable on any subsequent Agreed Claim(s) and if the total exceeds US\$250 the Company will make a payment to the Arrangement Creditor on an aggregated basis.

**PART 5: THE ARRANGEMENT ADVISERS AND THE ARRANGEMENT  
MANAGERS**

**10. APPOINTMENT**

The Arrangement Advisers shall be KPMG Advisory Limited in Bermuda.  
The Arrangement Managers shall be Kane (Bermuda) Limited.

**11. FUNCTIONS OF THE ARRANGEMENT ADVISERS AND  
ARRANGEMENT MANAGERS**

11.1 The Arrangement Advisers shall provide such advice to the Company as may reasonably be required to facilitate the implementation of the Arrangement when requested to do so.

11.2 For the avoidance of doubt, the Arrangement Advisers will provide only those advisory services specifically agreed between them and the Company and will not perform any other services including exercising managerial powers, rights or functions.

11.3 For the avoidance of doubt, the Arrangement Managers will provide only those management services specifically agreed between them and the Company and will not perform any other services.

**12. RESPONSIBILITY AND INDEMNITY**

12.1 In exercising their powers and rights and in carrying out their duties and functions under the Arrangement, the Arrangement Managers and Arrangement Advisers shall act in good faith and with due care and diligence and shall exercise their powers and rights under the Arrangement to ensure that the Arrangement is operated in accordance with its terms.

- 12.2 No Arrangement Creditor shall be entitled to challenge the validity of any act done or omitted to be done by the Arrangement Adviser and/or the Arrangement Managers in connection with the Arrangement and the Arrangement Advisers and Arrangement Managers shall not be liable for any loss suffered by any Arrangement Creditor or third party unless such loss is attributable to their fraud or dishonesty. Accordingly, no Arrangement Creditor shall bring or institute any proceedings, claims or complaints against the Arrangement Advisers or the Arrangement Managers.
- 12.3 The Arrangement Advisers and the Arrangement Managers shall be entitled to an indemnity out of the Property of the Company against:
- 12.3.1 All expenses and liabilities properly incurred by the Arrangement Advisers and/or the Arrangement Managers in performing any services in connection with the Arrangement; and
- 12.3.2 Any liability (including costs) incurred by the Arrangement Advisers and the Arrangement Managers in defending any Proceedings, whether civil or criminal, including in respect of any alleged negligence, wilful default, wilful breach of duty or trust, fraud or dishonesty on their part in relation to the Arrangement, or in connection with any application in any such Proceedings, save in either case in respect of any Proceedings in which a court of competent jurisdiction holds that the Arrangement Advisers or the Arrangement Managers have been fraudulent or dishonest.
- 12.4 The Company will pay costs incurred by the Arrangement Advisers and the Arrangement Managers in defending Proceedings of the nature described in clause 12.3.2 which relate to the operation of the Arrangement as an Arrangement Cost. The Arrangement Advisers and the Arrangement Managers undertake to reimburse the Company (with interest) for any amount which would not, in the event, have been payable by the Company under clause 12.3.2.

## **PART 6: THE BOARD**

### **13. POWERS OF THE BOARD**

- 13.1 The powers of the Board shall remain as before the Effective Date and the Board will carry out the functions assigned to it under the Arrangement following the Effective Date.
- 13.2 In the event that the Company commences a members voluntary liquidation under the provisions of the Bermuda Companies Act 1981 (“MVL”) prior to termination of the Arrangement in accordance with its terms, the liquidator appointed in the MVL will assume the functions of the Board under the Arrangement.

### **14. RESPONSIBILITY**

No Arrangement Creditor shall be entitled to challenge the validity of any act done or omitted to be done in good faith and with due care and diligence by any director of the Company in accordance with, or to implement the provisions of the Arrangement or in the performance or exercise or non-exercise of any power, right, duty or function conferred upon him under the Arrangement and/or by law and no such person shall be liable for any loss unless such loss is attributable to wilful default, wilful breach of duty or trust, fraud or dishonesty.

## **PART 7: TERMINATION OF THE ARRANGEMENT**

### **15. TERMINATION OF THE ARRANGEMENT**

15.1 The Arrangement shall terminate on the earlier of the date upon which:

15.1.1 The time frame within which claims can be filed pursuant to the Sunset Clauses in the Policies has expired and all Agreed Claims have been paid at a Payment Percentage of 100% together with any interest arising pursuant to an Adjustment Payment;

15.1.2 The Company is dissolved; or

15.1.3 The Board in consultation with the Arrangement Advisors and the Arrangement Managers no longer believe that it is in the best interests of the Arrangement Creditors, or the Company as a whole, to continue with the Arrangement.

### **16. NOTICE OF TERMINATION**

Within 14 days of the date on which the Arrangement terminates the Company shall give notice in writing by Post to Arrangement Creditors for whom it has contact details that the Arrangement has terminated. The Board will also notify the Court, the Bermuda Monetary Authority and the Registrar of Companies in Bermuda of such termination within 14 days of the occurrence thereof

### **17. ARRANGEMENT COSTS AND CLAIMS OTHER THAN ARRANGEMENT CLAIMS**

17.1 These shall be paid in full out of the Arrangement Assets (and notwithstanding the termination of the Arrangement):

17.1.1 all costs, charges, expenses and disbursements incurred by the Company in the course of carrying out the Arrangement and of

complying with the provisions of the 1981 Act including the convening of the Arrangement Meetings;

- 17.1.2 insofar as they do not fall within clauses 17.1.1 all costs, charges, expenses, disbursements and other debts incurred by, and the remuneration of the Arrangement Advisers and Arrangement Managers;
- 17.1.3 any sum which the Company is obliged or may in the future be obliged to pay by reason of the obligations imposed on the Company by the Arrangement;
- 17.1.4 notwithstanding that the Arrangement may have been terminated, the costs of sending the notices required by 20 and undertaking any and all other expenses incidental to the termination of the Arrangement; and
- 17.1.5 remuneration of members of the Board and all on-going expenses of the Company.

## **PART 8: GENERAL ARRANGEMENT PROVISIONS**

### **18. EFFECTIVE DATE**

The Arrangement shall become effective on the Effective Date.

### **19. MODIFICATIONS OF THE ARRANGEMENT**

The Company may, at any hearing by the Court to sanction the Arrangement, consent on behalf of Arrangement Creditors to any modification of, including extension of any deadline, or addition to the Arrangement or any terms or conditions which the Court may think fit to approve or impose and which would not as far as the Company is aware directly or indirectly have a materially adverse effect on the rights of any Arrangement Creditor under the Arrangement.

### **20. NOTICES**

20.1 Without prejudice to clause 21, any notice or other written communication to be given under or in relation to the Arrangement shall be given in writing and shall be deemed to have been duly given if it is delivered by hand, sent by Post, electronic mail or facsimile, in respect of any notice or communication required under Part 3 to:

20.1.1 in the case of the Company, Kane (Bermuda) Limited, marked for the attention of Robert Eastham and Emma Atherton email: [robert.eastham@kane-group.com](mailto:robert.eastham@kane-group.com), [emma.atherton@kane-group.com](mailto:emma.atherton@kane-group.com), or such other contact person, address or email as the Company may notify to Arrangement Creditors for the purposes of this clause 21;

20.1.2 in the case of the Arrangement Advisers, c/o KPMG Advisory Limited, Crown House, 4 Par-la-Ville Road, Hamilton HM 08, Bermuda for the attention of Grant Robshaw Tel: +1 441 295 5063

xt. 553 email: [grantrobshaw@kpmg.bm](mailto:grantrobshaw@kpmg.bm), or such other address or email as the Arrangement Advisers may notify to Arrangement Creditors for the purpose of this clause 21;

20.1.3 in the case of an Arrangement Creditor, its last known address or email address of which the Company is aware.

20.1.4 Extension of Time Limit

The Board may if it considers it in the interests of the Arrangement Creditors and the Company, extend any time period referred to in this Scheme

20.2 Any notice or other written communication to be given under the Arrangement shall (except as herein otherwise provided) be deemed to have been received:

20.2.1 if delivered by hand, on the first Business Day following delivery;  
and

20.2.2 if sent by Post, on the fifth Business Day after Posting if the recipient is in the country of dispatch and otherwise on the seventh Business Day after Posting.

20.3 In proving service, it shall be sufficient proof in the case of a notice sent by Post that the envelope was properly stamped, addressed and placed in the Post.

20.4 For the purposes of Part 3, the accidental omission to send any notice, written communication or other document in accordance with this clause 21 or the non-receipt of any such notice by any Arrangement Creditor, shall not affect the provisions of that Part.

## **21. ELECTRONIC COMMUNICATIONS**

21.1 Notwithstanding anything to the contrary in the Arrangement, information concerning Arrangement Claims, and any other communications required to be or capable of being given or sent hereunder may be given or sent by the Company, Arrangement Advisers or the Arrangement Creditor concerned in

electronic form to the address specified for that purpose by the Arrangement Creditor or the Company or the Arrangement Adjudicator or the Arrangement Actuary or the Arrangement Adviser (all of whom hereby consent to the use of electronic communications) and references in the Arrangement to Post and addresses shall be construed accordingly.

- 21.2 Where any communication is sent to the Company in electronic form:
- 21.2.1 the complete electronic mail including any attachments must be less than five (5) megabytes in size;
  - 21.2.2 a hard copy of any electronic mail and all attachments must be sent to the Company if the Company so requests;
  - 21.2.3 receipt by the Arrangement Creditor of an automated acknowledgement shall constitute conclusive proof that the electronic mail was sent in accordance with clause 21.1 provided that the mail is received in the Company's mail box and the Company is able to open and print the mail and all attachments.
- 21.3 Where any communication to the Company in electronic form exceeds five (5) megabytes in size, the electronic mail should be split into multiple electronic mails each of which must be less than five (5) megabytes in size, including any attachments. Alternatively, the communication should be sent to the Company by Post.
- 21.4 Subject to clause 21.2 notice given or information provided in electronic form shall be deemed to have been received on the first Business Day following transmission provided that the same shall have been sent to the address specified for that purpose.

## **22. CALCULATION OF TIME PERIODS**

- 22.1 Unless stated otherwise, time periods laid down by the Arrangement which are expressed in days shall be calculated by reference to elapsed days and not Business Days.

22.2 In the event that a time period expires on a day which is not a Business Day, such period shall be deemed not to expire until 5.00pm (Bermuda time) on the next Business Day.

### **23. GOVERNING LAW AND JURISDICTION**

23.1 The Arrangement shall be governed by, and construed in accordance with, the laws of Bermuda, and the Arrangement Creditors hereby agree that the Bermuda 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 provision of the Arrangement, including this clause, or out of any action taken or omitted to be taken under the Arrangement, or in connection with the administration of the Arrangement or arising out of or in respect of any of the Policies (including coverage issues) and for such purposes the Arrangement Creditors irrevocably submit to the jurisdiction of the Court.

23.2 Notwithstanding the provisions of clause 23.1, the Company retains the right to bring Proceedings in the courts of any other country having jurisdiction under its own laws to hear such Proceedings.