

# British American Insurance Company Limited (“BAICO”)

## In Provisional Liquidation

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### **Do I have to continue paying my premium installment payments?**

Holders of life policies should stop paying their life insurance premiums immediately. No further premiums will be accepted by the Company. Any standing orders or direct debits that have been arranged with any bank should be cancelled. British American will no longer put through charges to your account or credit card.

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### **What about premiums that have been paid since July 29, 2009? Will I get those back and how?**

All premiums that have been paid to the Company to maintain the policy have been safeguarded in a separate account and are returnable to you in full. These amounts are being calculated and cheques will be available for collection from the British American offices. It is expected that the cheques will be available for collection towards the end of September. You will need to collect them from the offices of British American and bring proof of ID with you. We will contact you to advise on your collection date.

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### **How much is the value of my policy?**

All policyholders' claims will be actuarially assessed and valued. The relevant date for valuing the policies will be July 29, 2009, being the date the petition to wind up the Company was presented to the Bermuda Court. All policyholders will be treated the same, regardless of whether the policyholders have continued to pay premiums or whether they have surrendered their policies.

Policyholders who have a valid unpaid benefit from an event such as death, bonus anniversary, or policy maturity occurring before July 29, 2009 will have the value of this benefit provided under the policy included in their claim in the winding up of the Company.

Policyholders who have a valid unpaid death benefit from a death which occurred after July 29, 2009 and who continued to pay their regular premium or whose policies were otherwise in force at the date of death will also have the value of the death benefit provided in their claim. However, in this event, any premiums paid since July 29, 2009 to keep the policy in force will not be returnable to you.

Policyholders who have any valid non-death unpaid benefit such as an anniversary bonus, maturing policy etc... occurring after July 29, 2009 and who had continued to pay their regular premium or whose policies were otherwise in force will be entitled to the value of their policy including the portion of their benefits that had been earned before July 29, 2009. You will not be entitled to any benefits earned after July 29, 2009. Any premiums paid since July 29, 2009 to keep the policy in force will be returned to you in full. Certain policies, such as term policies and sickness & accident policies will have no value.

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### **How much will I be paid?**

The Company is insolvent and does not have enough cash or other assets to pay all claims in full.

The value of each policyholders' claim will be assessed and the value of all policyholder and other creditor claims will then be totaled. All policyholders and creditors will then be paid in equal proportion to the value of their claim from the assets available. At present the OR and his agents are finalizing discussions with the Judicial Manager of British American in the Bahamas to determine the assets available for Bermuda policyholders and creditors. Until it has been confirmed exactly which assets are available for the exclusive benefit of Bermuda creditors it will not be possible to pay a final distribution. The OR has already been able to secure certain assets for policyholders in Bermuda, which likely puts them in a better position than policyholders and creditors of the company in a number of jurisdictions. Further details in relation to distributions based on the value of your policy/claim will be provided in due course.

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### **What about policy benefits already owed to me?**

Policyholders who have a valid unpaid benefit from an event such as death, bonus anniversary, or policy maturity occurring before July 29, 2009 will have the value of this benefit provided under the policy included in their claim in the winding up of the Company.

Policyholders who have a valid unpaid death benefit from a death occurring after July 29, 2009 and who had continued to pay their regular premium or whose policies were otherwise in force will use the value of the death benefit provided under the policy as the amount of their claim in the Scheme upon which they will receive a percentage payment.

Policyholders who have any valid non-death unpaid benefit such as an anniversary bonus, maturing policy etc... occurring after July 29, 2009 and who have continued to pay their regular premium, or whose policies were otherwise in force, will be entitled to the value of their policy including the portion of their benefits that had been earned up to July 29, 2009. You will not be entitled to any benefits that you would have earned after July 29, 2009. However, any premiums paid since July 29, 2009 to keep the policy in force will be returned to you in full.

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### **Am I currently covered under my policy?**

You should be aware that you do not have life insurance cover at this time and that you should contact an alternative local insurer if you wish to obtain life insurance. The OR has requested, and the local insurers have agreed, that they will do everything they can to offer alternative insurance cover to British American policyholders where possible.

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### **What about non-insurance creditors?**

Non-insurance creditors will receive a payment based on the value of their outstanding claim against the Company. The payment will be equal, on a percentage basis, to the payment received by insurance policyholders. Those non-insurance creditors that British American is aware of will be contacted separately. Should you not be contacted by British American please call the hotline number below and we will provide you with a proof of claim form.

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### **What do I need to do to get paid?**

Preparation is now underway to put together a scheme of arrangement ("Scheme") to distribute the available funds to policyholders and creditors. A Scheme, in summary, is a plan whereby each creditor (including policyholders) will receive a single payment from the Company representing their share of the assets available in Bermuda.

The Scheme documents will detail the value of your claim against the Company. The forms you will need to complete, guidance for their completion and what you will need to do with the forms will be contained in the Scheme pack that will be sent to you in due course.

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### **I have outstanding health claims that have not been paid, what happens to those?**

The Bermuda Government established a short-term liquidity facility that enabled continued payment of claims on existing health policies. All health policies were cancelled on December 31, 2009. Please ensure all remaining unpaid health claims are presented before September 17, 2010, or there is a risk you will not receive payment through the liquidity facility. If this is the case, you will have a claim for any unpaid amounts in the liquidation process.

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### **I have a mortgage with British American, what do I need to do?**

You will need to continue to repay your regular monthly installments. Please attend at the British American offices to discuss your outstanding balances.

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### **I am a member of the British American Pension Scheme, what happens to me?**

The pension scheme is administered by a pension trust. The OR is working with the Trustees of that pension trust to consider options for the future administration of the pension scheme. While these discussions continue, you will continue to receive your monthly pension benefits as usual. The actions affecting the Company do not affect your benefits you will receive. We will be writing to all pensioners shortly to discuss arrangements to administer your pension in the future.

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### **Why is the Company being wound up?**

BAICO has experienced financial difficulties in all the jurisdictions in which it formerly operated including Bermuda. The Company is insolvent and does not have enough assets to pay all claims in full.

Since his appointment on August 3, 2009, the Official Receiver ("the OR") together with his agents, the BMA, the Minister of Finance and the local insurance providers have explored a number of options to enable Bermuda resident life insurance policyholders to be provided with continuing insurance cover. After much consideration by all parties, there does not appear to be a viable solution to continue such insurance cover. Accordingly the OR has no alternative but to proceed to a Scheme which will result in a termination of all policies with immediate effect.

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### **What if my mailing details or any other policy details are wrong?**

Come to the offices at British American to confirm your contact details or send an email with your latest up to date contact information to [infoba@kpmg.bm](mailto:infoba@kpmg.bm) quoting your policy number.

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### **Why is the OR not just carrying on our policies, why do they have to be terminated?**

The OR is required by law to liquidate the company's assets and return funds to creditors, including policyholders. He is not required to carry on the business of the company other than to wind it up. In addition, the cost of running off the life insurance policies would be high with the result that we would not be able to ensure a reasonable return to all creditors and policyholders.

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