

Proposal in relation to a

PLAN OF ARRANGEMENT

(pursuant to the Plan of Arrangement (British-American Insurance Company Limited) Act, 2017)

between

BRITISH-AMERICAN INSURANCE COMPANY LIMITED

(Judicial Manager Appointed)

and its

PLAN CREDITORS

(as defined in the Plan of Arrangement)

THIS IS AN IMPORTANT DOCUMENT AND ALL PLAN CREDITORS SHOULD READ THIS CAREFULLY BEFORE VOTING ON THE PLAN OF ARRANGEMENT APPEARING AT PAGES 70 – 103. ANY QUESTIONS SHOULD BE DIRECTED TO

Anguilla - Toll Free: 1-855-218-9339

Antigua & Barbuda - Toll Free: 1-855-260-0422

Dominica – Local Number: 1-767-448-2070

Grenada - Toll Free: 1-855-303-8797

Montserrat - Toll Free: 1-855-821-0055

St. Lucia - Toll Free: 1-855-584-3122

St. Vincent & The Grenadines - Toll Free: 1-855-256-1448

St. Kitts & Nevis - Toll Free: 1-855-802-8332

UK – Toll Free: 0-800-014-8162

USA/Canada - Toll Free: 1-800-803-9079

If you prefer or are not resident in any of the locations listed above, please email

baicomail@kpmg.com.bs

For updates regarding the Plan of Arrangement throughout the process, please visit:

www.kpmg.com/bs/baico

IN THE MATTER OF BRITISH-AMERICAN INSURANCE COMPANY LIMITED

(JUDICIAL MANAGER APPOINTED)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that by the Order dated 4 August 2017, the Supreme Court of The Commonwealth of The Bahamas (“the Court”) has directed that a Meeting of Plan Creditors (as defined in the Plan of Arrangement (“the Plan”) referred to below) of BRITISH-AMERICAN INSURANCE COMPANY LIMITED (the "Company") be convened for the purpose of considering and if thought fit approving (with or without modification) the Plan proposed to be made between the Company and its Plan Creditors and that such Meeting will be held on 21 September 2017 at 10.00 local time (Atlantic Standard Time, GMT-4). The Meeting comprises the Principal Meeting and the Sub-Meetings which will all be classed as one meeting and will be held at the following locations:

Principal Meeting in St. Kitts & Nevis:

Eastern Caribbean Central Bank Headquarters, Pond Road, Basseterre, St. Kitts & Nevis, West Indies

Sub-Meetings in Antigua & Barbuda, Grenada and St. Vincent & the Grenadines:

Dean William Lake Cultural Centre, Upper St John’s Street, St John’s, Antigua & Barbuda

Grenada National Stadium, Queen’s Park, St. George’s, Grenada

Methodist Church Hall, Grenville Street, Kingstown, St. Vincent & the Grenadines

This Notice forms part of the Plan Documents along with a Voting and Claim Form. The Plan and related documents are also available at the website www.kpmg.com/bs/baico

Plan Creditors may vote in person at the said Meeting or they may appoint another person, whether a Plan Creditor or not, as their proxy to attend and vote in their stead. Plan Creditors also have the option to appoint the Plan Chairman to vote on their behalf.

If returning the Voting and Claim Form in advance, it is requested that forms be returned to any one of the addresses listed overleaf or by email to baicomail@kpmg.com.bs by no later than 17.00 local time (Atlantic Standard Time, GMT-4) on 20 September 2017 (the day prior to the Meeting).

By the said Order the Court has directed that the Chairman of the Meeting shall be Sir Errol Allen, or in his absence Juan M. Lopez, the Judicial Manager of the Company. The Court has directed the Chairman to report the results of the said Meeting to the Court.

The said Plan will be subject to the Court granting a Sanction Order and then subsequently, the Plan and Sanction Order being filed with the Registrar General's Department in The Bahamas.

If you have any questions, please contact one of the helplines listed on page 2 or email baicomail@kpmg.com.bs

ADDRESSES TO RETURN FORMS TO

Please note, offices are open weekdays between the hours of 10.00-16.00 local time (Atlantic Standard Time, GMT-4), other than the Dominica Office which is open on weekdays between 14.00-16.00.

Claudel Romney c/o BDO Eastern Caribbean 1st Floor MAICO Headquarters Cosley Drive The Valley Anguilla	Brian Glasgow c/o Jean Kelsick Kelsick & Kelsick Bladen House Brades Montserrat
Cleveland Seaforth c/o BDO Eastern Caribbean Cnr. Factory Road and Carnival Gardens P O Box 3109 St. John's Antigua	Lisa Taylor c/o British American Insurance Co. Ltd. Top floor Virginia Bradshaw building (Opposite Basseterre police station) Cayon Street Basseterre St. Kitts
Frank Myers c/o British American Insurance Co. Ltd. 4 Cross Lane Roseau Dominica	Frank Myers c/o BDO Eastern Caribbean Morgan Building – Top Floor L'Anse Road Castries St. Lucia
Reuben John c/o British American Insurance Co. Ltd. Young Street St. George's Grenada	Brian Glasgow c/o KPMG First Floor National Insurance Services Headquarters Upper Bay Street, P.O. 587, Kingstown St. Vincent & the Grenadines

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IMPORTANT NOTICE TO PLAN CREDITORS

This document has been prepared in connection with the proposed Plan of Arrangement (the “Plan”) pursuant to the Plan of Arrangement (British-American Insurance Company Limited) Act, 2017 of The Bahamas between British-American Insurance Company Limited (“the Company”) and its respective Plan Creditors (as defined in the Plan).

In preparing this document, the Judicial Manager of the Company has relied upon information obtained from the records of the Company. The Judicial Manager is unable to warrant that any of this information, or any information provided by a third party, is accurate.

Unless otherwise indicated, the statements, opinions and information contained in this document are made as at the date of this document and reflect the circumstances existing and the information of which the Judicial Manager was aware at that time.

The Company has not authorised any person to make any representations concerning the Plan which are inconsistent with the statements contained in this document. If any such representations are made, they may not be relied upon as they have not been authorised by the Company or the Judicial Manager.

This Explanatory Statement contains a summary of the main provisions of the Plan. The Plan itself is set out on pages 70 – 103.

None of the content of this document is intended to constitute legal, tax, financial or other professional advice for Plan Creditors. Plan Creditors may wish to consider seeking advice before taking any action in connection with the Plan.

KEY DATES AND PROPOSED TIMETABLE

Ascertainment Date	8 September 2009
Directions Hearing*#	4 August 2017
Meeting to vote on Plan*	21 September 2017 (10 am)
Sanction Hearing*#	6 October 2017
Effective Date*	6 October 2017
Final Claims Submission Date*	15 November 2017
Earliest Distribution to Plan Creditors*	Late November 2017

* These dates are subject to change and, as a result, all dates subsequent to these dates may also change. In the event of adverse weather conditions the Meeting may be postponed. See page 35 for further details.

The dates of hearings refer to the dates of hearings before the Supreme Court of the Commonwealth of The Bahamas

Capitalised terms in this document are as defined in the Plan at pages 72 - 83 and in the Explanatory Statement at pages 10 - 21

EXPLANATORY STATEMENT

(pursuant to the Plan of Arrangement (British-American Insurance Company Limited) Act, 2017)

in respect of a

PLAN OF ARRANGEMENT

between

BRITISH-AMERICAN INSURANCE COMPANY LIMITED

(Judicial Manager appointed)

and its

PLAN CREDITORS

(as defined in the Plan of Arrangement)

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DEFINITIONS

In the Explanatory Statement, unless the context otherwise requires or otherwise expressly provides, the following expressions shall bear the meaning set opposite them:

“Act”	the Insurance Act 2005 of The Bahamas
“Annuity and Investment Contracts”	Insurance Contracts which are defined as annuities under section 2 of the Insurance Act, 2005 of The Bahamas, namely policies under which BAICO assumed the obligation to make, after the expiration of a certain period or during a specified period, a payment or a series of periodic payments to a particular person, in exchange for a premium or series of premiums paid to the insurer These include, but are not limited to, policies identified by the Company as Executive Flexible Premium Annuity Insurance Contracts (“EFPA”), Flexible Premium Annuity Insurance Contracts (“FPA”) and Flexible Premium Annuity II Insurance Contracts (“FPAII”)
“ARP”	the Annuity Relief Programme
“Appointment Order”	the Order made by the Court placing the Company into Judicial Management and appointing Juan (John) M. Lopez as Judicial Manager
“ARP Payments”	means any amount received by a Plan Creditor under the ARP. The terms under which the ARP Payments were made together with its funding and organisation were managed by the ECCU Governments and not the Judicial Manager or the EC Officeholders, whose role was limited to facilitating the distribution of the payments. Payments made under the ARP, in accordance with the terms set out at the time payment

was made, are to be treated as an advance Distribution from the Company.

“Ascertainment Date”

8 September 2009 being the date of the appointment of the Judicial Manager. This is the date at which all Plan Claims of the Company will be valued under the terms of the Plan.

“Available Assets”

the Property held by the Company, net of (i) assets to meet the Guyana Reserve amounting to EC\$350,000 (ii) assets of BAICO’s branch in Panama, including but not limited to any assets already distributed to creditors of the Panama branch; (iii) assets held in the St. Lucia Insurance Fund and (iv) any present, future and contingent obligations of the Company including future costs and expenses of the Company (other than the costs of the Plan Adjudicator) (or any subsequently appointed liquidator(s)) up to and including dissolution

“BAICO” or the “Company”

means British-American Insurance Company Limited, incorporated under the laws of The Bahamas with registration number 47 and acting by its Judicial Manager

“Chairman”

Sir Errol Allen being the person appointed by the Court to act as Chairman of the Meeting, or if he is not available, Juan (John) M. Lopez

“Court”

The Supreme Court of The Commonwealth of The Bahamas, Common Law and Equity Division

“Court Order”

the order of the Court sanctioning the Plan

“Directions Order”	the order of the Court giving directions to the Company on the convening of and conduct of the Meeting
“Disputed Plan Claim”	means a Plan Claim which has not been agreed by the Company and the Plan Creditor within 21 days from the Final Claims Submission Date (or such longer period as agreed) between the Company and the relevant Plan Creditor and referred to the Plan Adjudicator
“Disputed Plan Creditor”	means a Plan Creditor with a Disputed Plan Claim
“Distribution(s)”	the payment(s) to Plan Creditors of a percentage of the amount of their Established Plan Claims, such percentage to be determined on the basis of the amount of Available Assets divided by the total amount of Established Plan Claims. In the case of Plan Creditors who have received ARP payments or are eligible to receive payment from the St Lucia Insurance Fund, Distribution(s) will only become payable once the amount of the Distribution(s) exceeds the amount of the ARP Payment and/or payment from the St. Lucia Insurance Fund, as applicable.
“EC”	the Eastern Caribbean
“EC Acts”	the acts of the legislature in those EC Territories which have enacted legislation to provide for a Plan in that EC Territory, to effect a Plan for the Company or to grant recognition of a Plan for the Company sanctioned in The Bahamas.
“ECCB”	The Eastern Caribbean Central Bank

“ECCC”	The Eastern Caribbean Currency Union’s Technical Core Committee on Insurance, formerly Chaired by Mr Timothy Antoine, and now Chaired by Mr Whitfield Harris Jr.
“EC Courts”	the courts in the EC Territories
“ECCU”	Eastern Caribbean Currency Union
“ECCU Government(s)”	the Government or Governments of an EC Territory being part of the ECCU
“EC Health Fund”	the health insurance support fund that was established to ensure that eligible EC resident policyholders had their agreed health-related claims paid in full. The EC Health Fund was launched on 18 May 2011 and is now closed to applications in accordance with its terms
“EC Officeholders”	means those persons appointed as Judicial Managers, Administrators, Agents or otherwise over the Company in the EC Territories, namely

Anguilla

Claudiel V. Romney

Antigua & Barbuda

Cleveland S. Seaforth

Dominica and St. Lucia

Frank V. Myers

Grenada

Reuben M. John

Montserrat and St. Vincent & the Grenadines

Brian A. Glasgow

St. Kitts & Nevis

Lisa A. Taylor

“EC Territories”	Anguilla, Antigua & Barbuda, Dominica, Grenada, Montserrat, St. Kitts & Nevis, St. Lucia and St. Vincent & the Grenadines
“EC\$”	Eastern Caribbean dollars, the legal currency for the EC Territories
“Eckler Actuarial Report”	the report prepared by Eckler Ltd. containing a valuation for lapsed policies as at 8 September 2009
“Effective Date”	the date upon which the Plan becomes effective and binding on all Plan Creditors under the provisions of the Plan Act
“EFPA”	an Executive Flexible Premium Annuity Insurance Contract
“Established Plan Claim”	a Plan Claim which has been agreed between the Company and the Plan Creditor, or adjudicated upon by the Plan Adjudicator and which represents the value upon which Distributions under the Plan will be made to Plan Creditors after all applicable set-off
“Exchange Rate”	means the rate of exchange to be used for converting EC\$ to US\$ namely, EC\$2.7 for each US\$, and vice versa
“Excluded Business”	business which has been transferred, sold or otherwise provided for by the Judicial Manager or for which other parties have assumed responsibility for claims, as set out below: <ul style="list-style-type: none"> • Annuity and Investment Contracts where the Principal Balance is EC\$30,000 or under and the Insurance Contract holder has received payment

of their Principal Balance and signed a release in accordance with the terms of the ARP;

- All medical Insurance Contract holders who received and cashed a cheque from the EC Health Fund;
- any traditional life Insurance Contracts which were part of the sale and transfer to Sagicor on 15 March 2013;
- a Lapsed Insurance Contract, being an Insurance Contract which was subsequently reinstated with Sagicor;
- property Insurance Contracts, all of which were cancelled as part of the sale of the Company's property business to Caribbean Alliance Insurance;
- any Insurance Contracts issued by the Company's branches in the Netherlands Antilles (operating through Curaçao, Bonaire and St. Maarten), Cayman, and Turks and Caicos Islands which have been dealt with in the transfer or sale of those businesses;
- any Insurance Contracts issued by the Company's branch in Panama;
- any Insurance Contracts issued by the Company's branch in Bermuda which have been determined and settled under a separate arrangement similar to a plan of arrangement which became effective on 27 May 2011;
- any Insurance Contracts issued by the Company's branch in Guyana; and

- claims against the Company arising otherwise than in relation to Insurance Contracts

“Final Claim Form”

the form that will be provided to each Plan Creditor following the Effective Date and which will contain information on the value attributed to Plan Claims in accordance with the Company’s records, or as otherwise agreed between the Plan Creditor and the Company. In circumstances where the Plan Creditor has disputed the value attributed to its Plan Claim prior to the Effective Date, a blank Final Claim Form will be provided stating “claim disputed”. Blank Final Claim Forms will also be available on the Plan Website

“Final Claims Submission Date”

a date at least 28 days after the date on which the Final Claims Submission Date Notice is Posted, after which no further Final Claim Forms or amendments to Final Claim Forms will be accepted

“Final Claims Submission Date Notice”

the notice sent to each Plan Creditor detailing the date after which Final Claim Forms will no longer be accepted, or be capable of amendment

“FPA”

means a Flexible Premium Annuity Insurance Contract

“FPAII”

means a Flexible Premium Annuity II Insurance Contract

“Guyana Reserve”

the reserve which the Judicial Manager has set aside for payment of the Company’s liabilities in Guyana and all associated costs of running of the branch and closing it down

“Insurance Contracts”	means contracts which would be entitled to rank above unsecured creditors in the winding up of BAICO in The Bahamas under the provisions of the Insurance Act, 2005 of The Bahamas, and related regulations, namely contracts of insurance, reinsurance and annuity contracts entered into by the Company. For the avoidance of doubt Insurance Contracts do not include reinsurance contracts purchased by the Company
“Insurance Fund”	the fund maintained in accordance with the regulatory requirements of St. Lucia and funded by assets pledged by the Company
“Judicial Manager”	means Juan (John) M. Lopez, appointed by the Court on 8 September 2009 under the Act
“Lapsed Insurance Contract”	means a traditional life Insurance Contract (other than an Excluded Business life Insurance Contract) which lapsed between the date of the appointment of the Judicial Manager and the date of the transfer of the traditional life business to Sagicor (15 March 2013). Lapsed Insurance Contracts will be valued as at the Ascertainment Date in accordance with the Plan Value Basis after deduction of any policy loans or premium advance loans
“Meeting”	the meeting consisting of the Principal Meeting and Sub-Meeting(s) ordered to be convened by the Court and to be held on 21 September 2017 at 10.00 am local time (Atlantic Standard Time, GMT-4) in St. Kitts & Nevis and various other locations at which the Plan Creditors will be asked to vote on the Plan

“Meeting Representatives”	Individuals attending the Sub-Meetings as requested by the Judicial Manager or the Chairman to assist in the procedure and conduct of the Meeting
“Plan”	this Plan of Arrangement proposed between the Company and its Plan Creditors under the provisions of the Plan Act
“Plan Act”	the Plan of Arrangement (British-American Insurance Company Limited) Act 2017 of The Bahamas
“Plan Adjudicator”	Mr Chester Hinkson or such other person as shall be appointed under the provisions of the Plan
“Plan Claim”	any claim against the Company arising out of an Insurance Contract issued by the Company, other than claims against the Company which arise out of Excluded Business
“Plan Creditors”	those persons who have Plan Claims
“Plan Claim Value”	the value attributed to a Plan Claim by the Company and appearing on the Voting and Claim Form and/or the Final Claim Form without taking into account set-off, other than set-off arising in the form of policy loans or premium advance loans
“Plan Value Basis”	means, (i) in the case of Lapsed Insurance Contracts, the values for each of those Insurance Contracts as stipulated in the Eckler Actuarial Report; (ii) in the case of Annuity and Investment Contracts, the Principal Balance calculation together with interest at the applicable Insurance Contract interest rate(s) accrued and unpaid to the Ascertainment Date; and (iii) in the case of any other Plan Claims, the paid up

Insurance Contract amount or surrender value at the Ascertainment Date

“Plan Website”

www.kpmg.com/bs/baico

“Post” or “Posted”

means delivered by hand, prepaid first class post, airmail post, electronic mail or facsimile

“Principal Balance”

in relation to:-

- an Annuity and Investment Contract, other than an FPA, the total amount of contributions made to the Insurance Contract, less the amount of any partial withdrawals or partial payments
- an FPA, the accumulated value being the amount calculated under the FPA Insurance Contract terms, which is generally the amount of contributions less any withdrawals and fees

“Principal Meeting”

the venue at which the Meeting will be held and at which the Chairman will attend for the purpose of conducting the Meeting and the Sub-Meetings. The Principal Meeting will be held at the ECCB Headquarters, Pond Road in St. Kitts & Nevis, namely ECCB Headquarters, Basseterre, St. Kitts & Nevis, West Indies

“Proceedings”

any action, step or other legal proceeding including, without limitation, any demand, arbitration, alternative dispute resolution procedure, judicial review, adjudication, execution, seizure, distraint, forfeiture, re-entry, lien, enforcement of judgment or enforcement of any security (including, without limitation, enforcement of any letters of credit)

“Property”	all forms of property and obligations, both present and future, (including money, goods, things in action, land and every description of property wherever situated) and every description of interest, whether present, future, vested or contingent or arising out of or incidental to, property
“Publications”	the journals, newspapers or other media outlets in which the Company notifies Plan Creditors of the Meeting and such other matters required by the Plan. A full list of the Publications is set out in Appendix 5.4
“Registrar General’s Department”	the Registrar General’s Department of The Bahamas
“Sagicor”	Sagicor Life, Inc., a company incorporated in Barbados
“Sanction Order”	the Order of the Court sanctioning the Plan which is filed with the Registrar General’s Department at which time the Plan becomes effective
“Sub-Meeting(s)”	meetings which, together with the Principal Meeting form the Meeting to be held in one or all of Antigua & Barbuda, Grenada and St. Vincent & the Grenadines and which Sub-Meetings will be linked to the Principal Meeting by electronic means where available
“Trust Account”	means the account to be set up by the Judicial Manager at the ECCB or an ECCB supervised bank, for the purpose of receiving uncollected Distributions and cash representing final unrepresented Distribution cheques and retaining same for 2 years for the benefit of those Plan Creditors’ entitled to such Distributions

“The Bahamas”	the Commonwealth of The Bahamas
“USBC”	United States Bankruptcy Court
“US\$”	means the legal currency of the United States of America
“Voting and Claim Form”	means the form that was provided to all Plan Creditors known to the Company prior to the Meeting and which contained the value attributed to that Plan Creditor’s Plan Claim based on the information available to the Company. In the case of a Plan Creditor about whom the Company was not aware, that person or entity who requested a form directly from the Company or downloaded a form from the Plan Website

1. Letter from the Judicial Manager

1.1 Introduction

The Company is incorporated in The Bahamas with branches throughout the Caribbean, Guyana, Panama and Bermuda, and is unable to pay its debts in full. As a result of the Company's insolvency, on 8 September 2009, I, Juan (John) M. Lopez, of KPMG in The Bahamas, was appointed Judicial Manager of the Company pursuant to section 77(1)(b) of the Act by the Appointment Order.

As at the date of my appointment as Judicial Manager and based on a review of the Company's own records, I determined that there was a deficit of assets over liabilities of EC\$775 million (US\$287 million). During the course of my administration, it became clear that the financial position was substantially worse than first thought. A more detailed analysis of the current financial position of the Company can be found at Section 3.

As the Company is unable to pay its debts in full, and in order to distribute the proceeds of the remaining assets to Plan Creditors, the Company is proposing a Plan of Arrangement ("Plan") under legislation in which came into force in The Bahamas on 4 April 2017. Similar legislation has also been enacted in the EC Territories.

In summary, a Plan Claim is a claim against the Company arising out of an Insurance Contract (not being Excluded Business) issued by the Company. Details as to who is a Plan Creditor are set out in section 1.3 and in the flow charts set out in that section.

The purpose of this Explanatory Statement, of which this letter forms a part of, is to:

1. explain what a Plan is and why it is being proposed;
2. explain some of the detailed provisions of the Plan, including how payments will be made to Plan Creditors; and
3. provide background information in relation to the Company's history and financial position.

This information is provided in order to assist Plan Creditors to reach an informed decision on whether to vote in favour of the Plan at the forthcoming Meeting of Plan Creditors to be held on Thursday 21 September 2017 at 10.00 am local time (Atlantic Standard Time, GMT-4). The Plan is set out fully on pages –70-103 of this document.

1.2 What is a Plan?

A Plan is a compromise between the Company and the Plan Creditors pursuant to the provisions of the Plan Act.

The Judicial Manager and EC Officeholders, with the assistance of the ECCC, lobbied the government of The Bahamas and the governments in each of the EC Territories to effect the Plan Act and the EC Acts. The Plan Act and the EC Acts were considered necessary as there was, prior to their enactment, no consistent basis for dealing with the insolvency of a company incorporated in The Bahamas and operating through branches across the EC Territories.

The purpose of the proposed Plan is to provide a more efficient way of making Distributions to Plan Creditors than would be the case if the Company were forced to distribute funds by way of separate insolvency proceedings in each jurisdiction in which the Company operated. This would be the position in the absence of a Plan such as the one currently proposed.

The proposed Plan will enable the Company to make Distributions on a consistent basis across many different jurisdictions. The Plan Act was passed by the legislature of The Bahamas on 4 April 2017. The EC Territories have enacted EC Acts to make provision, amongst other things, for recognising the Plan implemented in The Bahamas. The Plan Act, in large part, follows the legislation existing in many other jurisdictions including the UK and Bermuda. It sets out the legal process and necessary requirements to be followed for establishing the mechanism for the compromise of creditor claims.

The requirements for the Plan to become effective and legally binding on the Company and Plan Creditors are set out below:

- a majority in number of those Plan Creditors attending and voting at the Meeting (in person or by proxy), must vote in favour of the Plan;
- the value of the Plan Claims voted by that majority must represent at least 75% of the total value of Plan Claims voted at the Meeting;
- the Court must subsequently grant the Sanction Order; and
- the Plan and Sanction Order must be filed with the Registrar General's Department. The date on which this filing takes place is the Effective Date of the Plan

KEY POINTS

The Plan cannot be implemented without a Plan Creditor vote.

Over 50% of Plan Creditors attending and voting, in person or by proxy, at the Meeting must vote in favour of the Plan.

That majority must represent over 75% of the total value of votes cast at the Meeting.

1.3 Who is a Plan Creditor?

Plan Creditors are defined as persons who have a Plan Claim. A Plan Claim is defined as a claim against the Company arising out of an Insurance Contract issued by the Company other than in respect of Excluded Business.

If the Plan is approved by the Plan Creditors, sanctioned by the Court, and the Sanction Order is filed with the Registrar General's Department, it will be legally binding on the Company and on all Plan Creditors regardless of whether they voted for it, against it or chose not to vote.

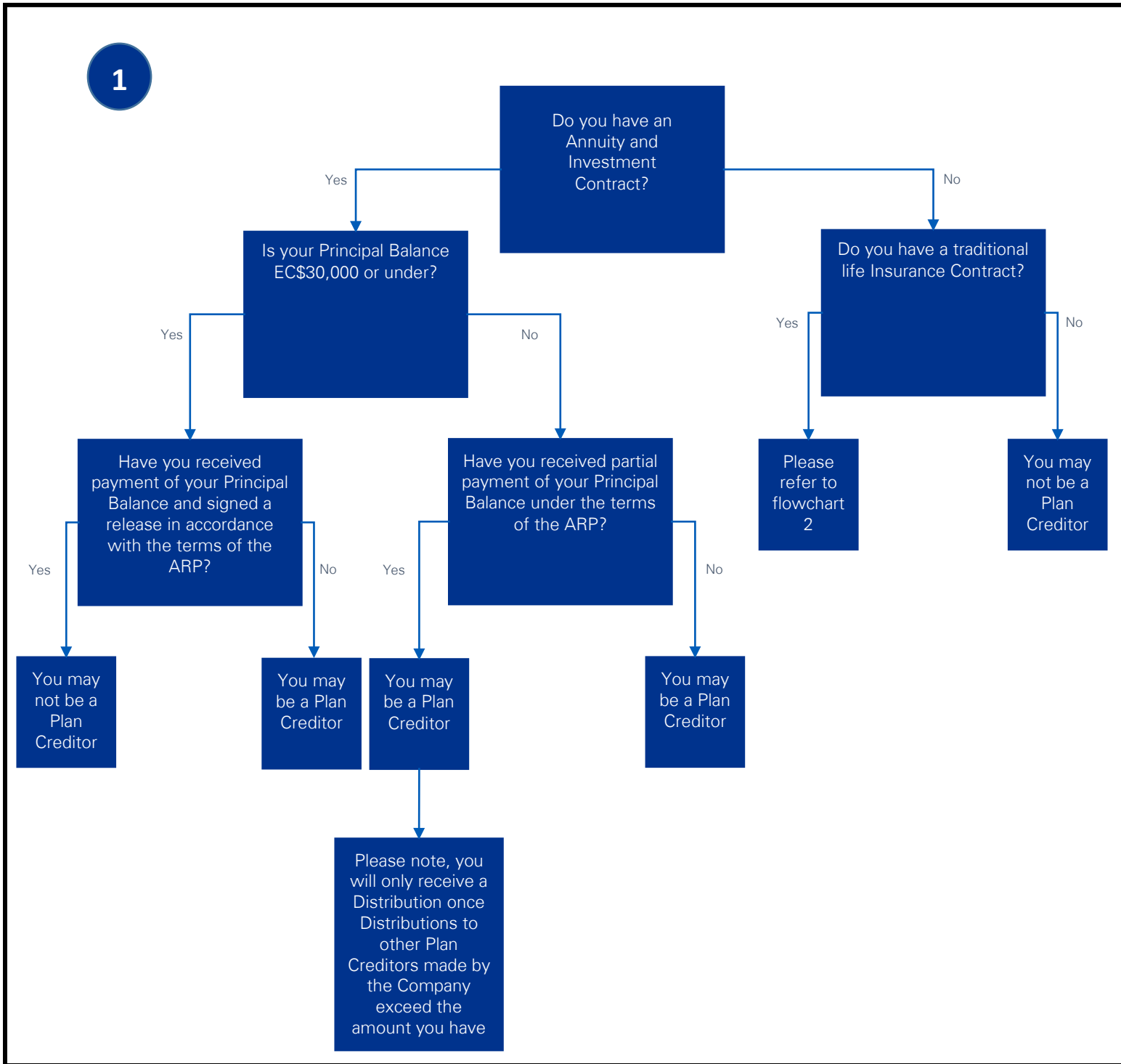
It is proposed that the Available Assets will be distributed to Plan Creditors only and no other actual or contingent creditor of the Company will have any claim on the Company's Available Assets.

Plan Creditors should be aware that payment of the final Distribution to Plan Creditors will operate as a full and final release by the Plan Creditor of any and all claims such Plan Creditor might have had against the Company.

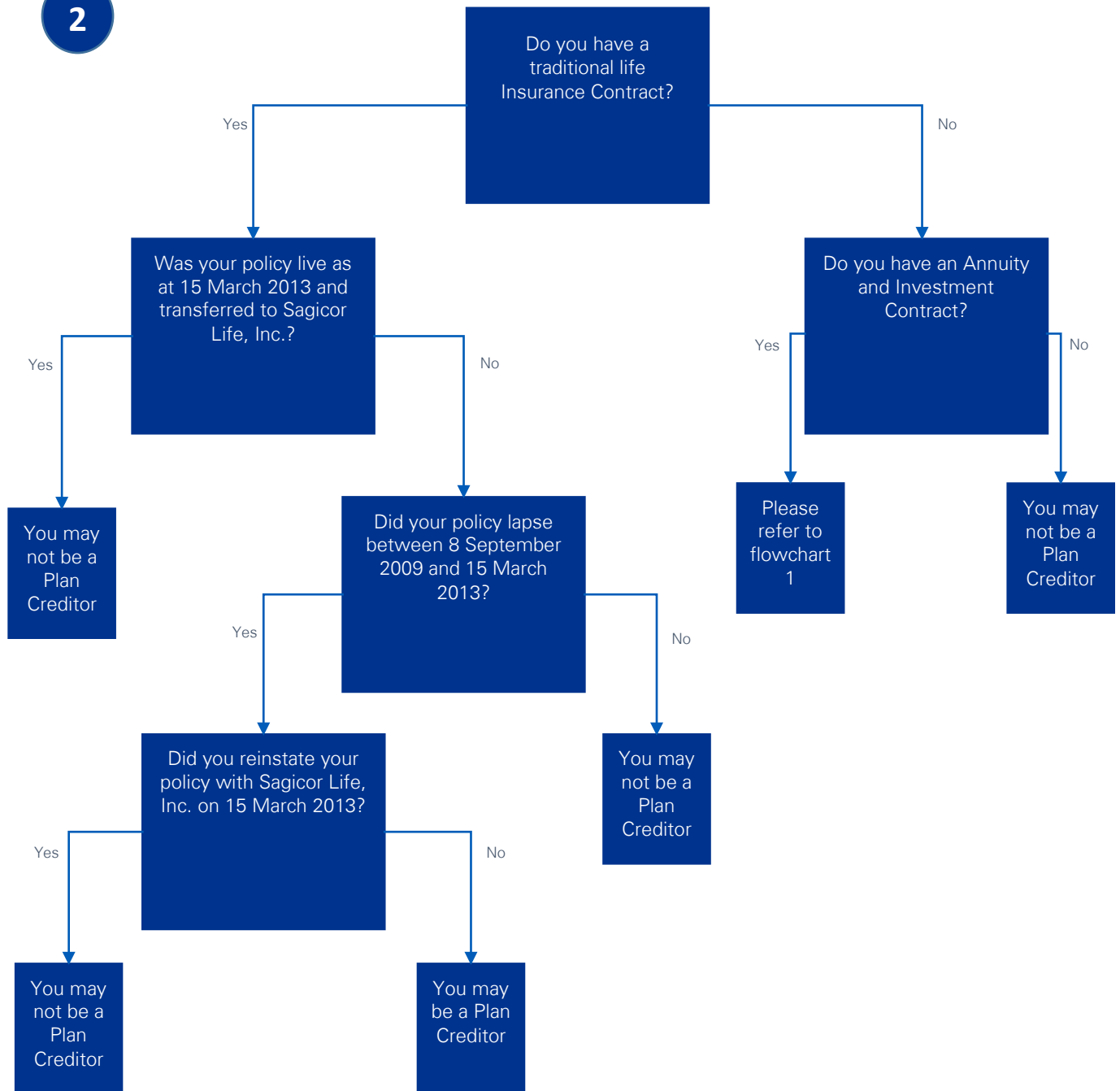
KEY POINT

If you have an Annuity and Investment Contract or a Lapsed Insurance Contract which was not transferred to Sagicor on 15 March 2013, you may be a Plan Creditor.

Please refer to the following flow charts to determine whether you may be a Plan Creditor. PLEASE NOTE: The chart below does not necessarily constitute the only way you can be a Plan Creditor. The chart sets out the principal types of Insurance Contracts. These diagrams should only be used for guidance.



2



1.4 Why have you been sent this document?

A copy of this document has been sent to those parties that the Company's records indicate have, or may have, a Plan Claim against the Company.

1.5 Why has this Plan been proposed?

Prior to enacting the Plan Act and the EC Acts there was no available legal framework in place to deal with a complex, multi-jurisdictional insolvency of the Company and its branches that would deliver a consistent outcome for creditors across the Bahamas and the EC Territories.

As a result, the Judicial Manager, in consultation with the EC Officeholders and the ECCC, considered that it was necessary to establish a new process to ensure that the Company's Available Assets could be distributed to Plan Creditors fairly across the region in an efficient manner, using one claim filing system and one payment system for all creditors with Plan Claims.

The Judicial Manager, having considered the manner in which insolvent insurance companies are wound up in other jurisdictions (including the process used for the Bermuda branch of the Company), concluded that the best way to effect this process was to recommend to the ECCU Governments and The Bahamas that they introduce legislation (the EC Acts and the Plan Act) that would allow the Company to implement a Plan.

In addition to the Plan Act, the EC Acts have been passed in Anguilla, Antigua & Barbuda, Dominica, Grenada, Montserrat, St. Kitts & Nevis, St. Lucia and St. Vincent & the Grenadines. The EC Acts provide for a plan in respect of BAICO which is, in all material respects, reflective of the provisions of the Plan Act. This additional legislation ensures that all EC Courts will have an opportunity to review the Plan before it is sent to Plan Creditors in order to ensure that there are adequate notification provisions in place for the Meeting in respect of the relevant EC Territory. The EC Acts also make provision for the EC Courts, should they so determine, to recognise the Plan after the Effective Date.

1.6 What are the advantages and disadvantages of the Plan?

The Judicial Manager and the EC Officeholders consider that the Plan offers Plan Creditors the following advantages:

- **Alternative to liquidation resulting in administrative cost savings**
 - In the absence of a Plan such as the one proposed, the Company will be placed into insolvent liquidation proceedings.

- In all likelihood there will be a separate liquidation proceeding for The Bahamas, each of the EC Territories and each other jurisdiction in which the Company operated.
- This may result in inconsistent and delayed distributions and significant additional expense which may in turn lead to lower distributions to creditors of the Company.
- It should also be noted that in a liquidation there may be different treatment of different types of creditors, including Plan Creditors.
- In the EC Territories, this differing treatment may result from the inclusion of non-insurance creditor claims (which would dilute the relative interest of proposed Plan Creditor claims over the Company's Available Assets), accrual of interest on claims, or different valuation dates for different branches. This could in turn result in a lower payment to some and a higher payment to others.
- **Consistency**
 - The Plan Act and the EC Acts provide for a consistent treatment and priority for all Plan Creditors in respect of all Plan Claims arising in The Bahamas and the EC Territories.
 - In addition, the Plan Act and the EC Acts provide for the priority of Plan Claims, i.e. that there will be Distributions in respect of Plan Claims but no other creditor of the Company shall receive any payments under the Plan.
- **Simplified claims agreement procedure**
 - The Plan offers Plan Creditors a fast, practical and cost-effective process for valuing and agreeing all Plan Claims with the Company.
- **Timing of payment**
 - The Plan envisages that the first, and likely largest, Distribution will be paid to Plan Creditors within a short period of time following the Effective Date;
 - It is anticipated that payments on Established Plan Claims will commence by November 2017.
 - Payments to creditors in formal liquidation proceedings would likely take considerably longer due to the practical issues and potential disputes that may arise relating to the location and entitlement to the assets of the Company and the various branches.

The Judicial Manager and the EC Officeholders consider that the Plan has the following disadvantages:

- **No right to bring Proceedings against the Company**
 - The Plan prohibits alternative Proceedings to establish the existence or amount of a claim and Plan Creditors are subject only to the processes set out in the Plan for determining Plan Claims.
 - Equally, the dispute resolution procedure (set out in section 4.6) could be viewed as an advantage in that it provides for an efficient, timely and low cost process for dealing with disputed issues.
- **Limited period in which to dispute valuation**
 - The procedure set out in the Plan gives Plan Creditors a set period in which to dispute the value attributed to Plan Claims (see page 36, Section 1.10 of this document).

The Judicial Manager and the EC Officeholders believe that these are the principal advantages and disadvantages of the Plan for Plan Creditors. However, it is impossible to address each Plan Creditor's individual circumstances and therefore Plan Creditors should not view the above list as exhaustive. Each Plan Creditor is advised to make his/her own assessment of the Plan and how it will affect his/her interest.

1.7 What should Plan Creditors do now?

The Meeting has been convened to give Plan Creditors an opportunity to vote on the Plan. Plan Creditors are entitled to vote at the Meeting, either in person or by proxy, for the purpose of considering and, if thought fit, approving the Plan.

The Meeting will be held on Thursday 21 September 2017 at 10.00 am local time (Atlantic Standard Time, GMT-4). A notice of the Meeting accompanies this document. Notice of the Meeting will also be advertised in a selection of Publications (a full list of which is attached at Appendix 5.4 and will be uploaded onto the Plan Website).

The **Principal Meeting** will be held in **St. Kitts & Nevis** at the following address:

<p>Eastern Caribbean Central Bank Headquarters Pond Road Basseterre St. Kitts & Nevis</p>

In order to ensure that as many Plan Creditors as possible have the opportunity to attend the Meeting, a series of **Sub-Meetings** (all of which will form part of the Meeting) will be held in the following jurisdictions, concurrently with the Principal Meeting.

(a) Antigua & Barbuda

Dean William Lake Cultural Centre
Upper St. John's Street
St. John's
Antigua & Barbuda

(b) Grenada

Grenada National Stadium
Queen's Park
St. George'
Grenada

(c) St. Vincent & the Grenadines

Methodist Church Hall
Grenville Street
Kingstown
St. Vincent & the Grenadines

The Principal Meeting and the Sub-Meetings are being held in the locations where, according to the Company's records, the largest numbers of the Company's Plan Creditors reside.

KEY POINT

If neither the Principal Meeting or a Sub-Meeting is being held in your jurisdiction you are still entitled to attend at any of the listed locations or, if you are unable to attend in person, to vote by proxy.

The Principal Meeting and the Sub-Meetings will commence at 10.00 a.m. local time (Atlantic Standard Time, GMT-4). The Principal Meeting and the Sub-Meetings will be linked by telephone or video conference (where available) or such other electronic means to allow Plan Creditors attending Sub-Meetings to hear the proceedings at the Principal Meeting and to ask questions of the Chairman.

The Court appointed Chairman of the Meeting, Sir Errol Allen (CV attached at Appendix 5.1) will be situated in St. Kitts & Nevis at the Principal Meeting. Meeting Representatives will be in attendance at each of the Sub-Meetings.

Provided with this document is a Voting and Claim Form which sets out the Company's valuation of your Plan Claim and details of how to vote for or against the Plan.

Plan Creditors may attend the Principal Meeting or any Sub-Meeting in person or alternatively, Plan Creditors can appoint a proxy to vote on their behalf. By appointing a proxy, a Plan Creditor allows someone else to attend the Meeting and vote on their behalf. This can either be a personal proxy or the Chairman.

Please note, if appointing a personal proxy, that proxy must attend the Meeting for your vote to count and must bring suitable identification in order to be admitted to the Meeting.

Detailed instructions on how to vote at the Meeting are set out in section 1.8.

All votes cast, either in person or by proxy, will be added together to determine the outcome of the Meeting. If the total votes cast by Plan Creditors in favour of the Plan meet the required majorities under the Plan Act, the Plan will have been approved by the Plan Creditors.

Plan Creditors are urged to read the Voting and Claim Form carefully and follow the directions that are printed on that form.

1.8 What do you have to do with the Voting and Claim Form?

KEY POINT

You will have received a Voting and Claim Form with this document.

It is very important that you confirm your full contact details including a proper mailing address, email address and telephone number if you have one, so that your Distribution(s) reaches you.

Instructions on how to provide this information appear on the Voting and Claim Form.

The Voting and Claim Form sets out your personal information:

- your name
- your address and other contact details as they appear in the Company's records
- the value attributed to your Plan Claim as valued in accordance with the Plan Value Basis, and
- a statement detailing the calculation of your Plan Claim including :
 - each Insurance Contract held by you and the composition of the value of each in the Plan
 - the aggregate value of all Insurance Contracts held by you which equates to your Plan Claim
 - any ARP payment already received (excluding return of premium) in respect of your Plan Claim. Please note, you will not receive any Distribution on your Established Plan Claim until the amount of any (or all) Distributions made by the Company exceeds the amount that you have already received under the ARP. Please refer to section 1.12 for more detail.

KEY POINT

The value set out on your Voting and Claim Form does not represent the amount you will receive by way of one or more Distributions.

As determined by the Judicial Manager, you will be paid a Distribution representing a percentage based on a calculation of the total amount of the Company's Available Assets divided by the total amount of all Established Plan Claims. Distributions will reflect ARP payments made and payments to be made from the St. Lucia Insurance Fund.

In addition, the Voting and Claim Form provides:

- space for you to confirm or correct your personal information;
- space for you to confirm your Insurance Contract details; and,
- space for you to, amend the value appearing on the Voting and Claim Form if you disagree with it, and return the amended form to the Company.

The amended form should include a statement setting out the reasons why you disagree with the value on the form, provide documentation to support your position and should be returned to the Company at the one of the addresses noted on the Voting and Claim Form or by email to baicomail@kpmg.com.bs. Such an amendment is not binding on the Company until such time as the Plan Claim has been agreed by the Company or adjudicated upon by the Plan Adjudicator. For the purposes of voting at the Meeting, the value attributed to your vote will be the amount which the Chairman, in his discretion, determines is appropriate. If you agree with the value attributed to your Plan Claim then that will be the amount for which your vote will count at the Meeting.

There are several ways you can **cast your vote at the Meeting** as follows:

- You can **attend the Meeting** and vote in person – if you agree to the valuation of your Plan Claim then bring your completed Voting and Claim Form to the Meeting and cast your vote on your Voting and Claim Form when asked to do so by the Chairman. If you have sent your Voting and Claim Form in advance because you disagree with the valuation of your Plan Claim or for any other reason, a ballot paper will be provided at the Meeting for you to complete.

- You can ask the **Chairman to vote on your behalf** – you do not need to attend the Meeting in person but can complete your Voting and Claim Form indicating how you would like the Chairman to cast your vote for you at the Meeting. In order for your vote to count your completed Voting and Claim Form must reach the Company by 17.00 local time (Atlantic Standard Time, GMT-4) on 20 September 2017 (the day prior to the Meeting) in order for your vote to count. Please follow the instructions set out on the Voting and Claim Form.
- You can ask **someone other than the Chairman to attend and vote on your behalf** – you must complete your Voting and Claim Form and direct your personal proxy how you would like them to vote or you can instruct them to use their discretion. In order for your vote to count, you can either complete and return the Voting and Claim Form in advance in accordance with the instructions set out in the Voting and Claim Form or your personal proxy can bring your completed Voting and Claim Form to the Meeting providing you have completed it in advance. Your personal proxy must still attend the Meeting in order for your vote to count and must bring a form of identification. **Please refer to the Voting and Claim Form for further instructions on how to complete the Voting and Claim Form.**

KEY POINT

The Chairman of the Meeting, not the Company, is responsible for assessing the votes of Plan Creditors at the Meeting.

It may not be possible for the Chairman to confirm the outcome of the Meeting until he is satisfied that all Plan Claim amounts have been verified.

If the result of the Meeting cannot be announced on the day of the Meeting, the result of the Meeting will be posted on the Plan Website.

If you have any questions about how to complete the documents that have been sent to you, please contact baicomail@kpmg.com.bs or contact the Judicial Manager or one of the EC Officeholders at the addresses printed in Appendix 5.5.

ADVERSE WEATHER CONTINGENCY

In the event one or more of the locations where the Meeting is scheduled to take place is subject to weather conditions which result in such location being unavailable for such Principal Meeting or Sub-Meeting, the Meeting will be cancelled and will not proceed at any of the locations of the Principal Meeting or Sub-Meetings. It shall be in the discretion of the Chairman, in consultation with the Judicial Manager whether or not conditions are such that the Meeting shall be cancelled.

Should the Meeting be cancelled, the Judicial Manager will endeavour to provide notice to all Plan Creditors of whom he is aware by posting a notice of same on the Plan Website or making such other announcement that, in the circumstances, is reasonable.

In the event of cancellation, the Meeting will be reconvened on a date to be determined by the Judicial Manager in consultation with the Chairman. Twenty eight (28) days' Notice will be sent to all Plan Creditors and be placed in one or more of the Publications and shall be posted on the Plan Website.

Plan Creditors who have filed Voting and Claim Forms will be entitled to rely on those for the purpose of the reconvened Meeting [unless they wish to amend, in which case the guidance notes attached to the Voting and Claim Forms will apply].

In all other respects the Notice and conduct of the reconvened Meeting shall be in the same terms and manner as provided for the Meeting.

1.9 What happens when the Plan becomes effective?

If the Plan becomes effective, the Judicial Manager will:

- within 7 days of the Effective Date, send notice by Post that the Plan is effective (the "Final Claims Submission Date Notice") together with completed Final Claim Forms to all Plan Creditors with known addresses
- place advertisements in a selection of Publications listed in Appendix 5.4 announcing that the Plan is effective and calling for Plan Creditors to complete and return Final Claim Forms

- upload the Final claims Submission Date Notice to the Plan Website www.kpmg.com/bs/baico. If you do not receive a completed Final Claim Form, one can be requested from the Company or a blank copy can be downloaded from the Plan Website.

Plan Creditors should note that the deadline for submitting completed Final Claim Forms is the Final Claims Submission Date, which will be 28 days after (and not including) the date of the Final Claims Submission Date Notice.

No Plan Creditors will have any right after the Final Claims Submission Date has passed to submit a new or revised Final Claim Form or to provide revised or further information in respect of a Plan Claim (unless requested by the Plan Adjudicator, Chester A. S. Hinkson). Mr Hinkson's CV can be found at Appendix 5.2.

KEY POINT

If a Plan Creditor has not returned his/her Final Claim Form by the Final Claims Submission Date, that Plan Creditor's Plan Claim shall be deemed to have been agreed in the amount appearing on their Final Claim Form and will be considered an Established Plan Claim upon which Distributions will be paid (unless the claim has been disputed resulting in it being subject to the dispute resolution process as set out in section 4.6).

1.10 What if you have a Disputed Plan Claim?

If a Plan Creditor does not agree with the value attributed to their Plan Claim appearing on the Final Claim Form or has not received a Final Claim Form, he/she should notify the Company before the Final Claims Submission Date by amending and returning the Final Claim Form provided or by completing a blank Final Claim Form which will be available on request from the Company or can be downloaded from the Plan Website.

Alternatively, if a Plan Creditor has disputed the valuation of their Plan Claim on their Voting and Claim Form, they will receive a blank Final Claim Form stating "claim disputed" and the Voting and Claim

Form which is being disputed will be treated as the Final Claim Form unless further amendments are notified by the Plan Creditor prior to the Final Claims Submission Date.

The Judicial Manager will endeavour to agree all disputed Plan Claims in respect of each disputed Final Claim Form returned to it before the Final Claims Submission Date. Any Plan Claims which are not agreed between the relevant Plan Creditor and the Judicial Manager within 21 days from the Final Claims Submission Date (or such longer period as agreed between the Company and the relevant Plan Creditor) will be treated as Disputed Plan Claims and referred to the Plan Adjudicator. The Plan Adjudicator will make a final determination in respect of each Disputed Plan Claim referred to him in accordance with the dispute resolution procedures set out in the Plan at Clause 3.5. The Plan Adjudicator's decision will be final and there will be no right of appeal.

1.11 What will you receive if the Plan is approved?

It is currently anticipated that Distributions to Plan Creditors under the Plan in respect of Established Plan Claims will commence by November 2017.

The Company's calculation of your Plan Claim is set out in your Voting and Claim Form and, after the Effective Date, also on your Final Claim Form.

The value (calculated in accordance with the Plan Value Basis) reflects the amount due to you by the Company and is your Plan Claim and upon which the Distribution(s) will be based.

Illustrative Distribution Calculation (where a creditor has not received an ARP Payment)

	Amount (EC\$)
Total Established Plan Claim	20,000
Plan Distribution	20%
Amount to be paid to Plan Creditor in Plan Distribution	4,000

Please note: this table is for illustrative purposes only. The figures in the table do not represent actual Distributions Plan Creditors will receive.

All Plan Claims will be subject to “set-off”. Set-off means as follows:

- That if a Plan Creditor owes money to the Company (for example in respect of a mortgage), the amount of that debt will be set off against his/her Plan Claim.
- The result may be that such Plan Creditor ends up not having an Established Plan Claim because the amount that the Plan Creditor owes the Company exceeds the amount of the Plan Claim. The Company may take action against the Plan Creditor to recover any sums remaining due to the Company after setting off the amount of the Plan Claim.

Illustrative Example: Established Plan Claim where “set-off” is available

	Example 1 Amount (EC\$)	Example 2 Amount (EC\$)
Principal amount	35,000	35,000
Accrued / unpaid interest to 8 September 2009	3,500	3,500
Total (Principal plus interest)	38,500	38,500
Less set-off: mortgage outstanding	(10,000)	(42,000)
Total Established Plan Claim	28,500	0
Amount owed to the Company	0	3,500

Please note: this table is for illustrative purposes only. The figures in the table do not represent actual Distributions Plan Creditors will receive.

If it transpires that a person who would have been a Plan Creditor has died after the Ascertainment Date , the beneficiary entitled under the terms of the Insurance Contract, the person administering his/her estate, or the beneficiary of that portion of his/her estate, will be entitled to claim in that person’s place. In order to do so, that person will be required to provide (i) written evidence of his/her rights as legal claimant and (ii) proof of identity.

1.12 What if you have already received payments in respect of your Plan Claim?

You may have already received a payment on your Insurance Contract if you have received a payment under the ARP which represents a payment from a party other than the Company. The provisions relating to the ARP payments, together with its funding and organization, were managed by the EC Governments

and not the Judicial Manager and the EC Officeholders, who merely facilitated in the distribution of the payments.

In the case of these ARP payments your Established Plan Claim will reflect the entirety of the Company's liability to you (i.e. before deduction of any amounts received under the ARP). However, you will not receive any Distribution on your Established Plan Claim until the amount of any Distributions made by the Company exceeds the amount that you have already recovered from payments under the ARP.

Illustrative Distribution Calculation (where a creditor has already received some funds under the ARP in respect of his/her claim)

	Example 1 Amount (EC\$)	Example 2 Amount (EC\$)
Principal amount	100,000	250,000
Accrued / unpaid interest to 8 September 2009	10,000	25,000
Total Established Plan Claim (Principal plus interest)	110,000	275,000
Plan Distribution (20%)	22,000	55,000
Less ARP payment received	(30,000)	(30,000)
Amount to be paid to Plan Creditor in initial Plan Distribution	-	25,000

Please note, these tables are for illustrative purposes only. The figures in the table do not represent the actual amount which Plan Creditors will receive by way of Distributions.

1.13 Recommendation of the Judicial Manager and the EC Officeholders

The Judicial Manager and the EC Officeholders strongly believe that the Plan is in the best interests of the Plan Creditors and that the advantages to Plan Creditors outweigh the disadvantages. For these reasons, they recommend that Plan Creditors vote in favour of the proposed Plan.

Plan Creditors are urged to read the Plan itself (at pages –70-103) and the supporting information contained in this document carefully. Plan Creditors may wish to seek professional advice in relation to the proposed Plan.

If you are unclear about, or have any questions concerning the action you are required to take, please contact baicomail@kpmg.com.bs.

Juan (John) M. Lopez, Judicial Manager
P. O. Box N-123
Montague Sterling Centre
East Bay Street
Nassau, The Bahamas

SUMMARY KEY POINTS

- **A Plan is being proposed in order to facilitate Distributions to Plan Creditors.**
- **In order for the Plan to be effective, the majority of Plan Creditors attending the Meeting, in person or by proxy, and representing 75% in value, must vote in favour of it.**
- **Plan Creditors are holders of Insurance Contracts other than in relation to Excluded Business which, in the main, include Annuity and Investment Contracts and life Insurance Contracts which lapsed between 8 September 2009 and 15 March 2013.**
- **The Principal Meeting to enable Plan Creditors to vote on the Plan will take place in St. Kitts & Nevis. Plan Creditors can also attend a Sub-Meeting in Antigua & Barbuda, Grenada or St. Vincent & the Grenadines. The Principal Meeting and Sub-Meetings will be classed as one Meeting.**
- **Plan Creditors can vote in person or by proxy at the Meeting by completing the Voting and Claim Form.**
- **If the Plan is approved by the Plan Creditors and sanctioned by the Court it will become effective and Final Claim Forms will be sent to Plan Creditors.**
- **It is anticipated that a first Distribution will be made to Plan Creditors by November 2017**

2. Background

2.1 History of the Company

The Company was incorporated in The Bahamas in 1920 and is a subsidiary of CL Financial Ltd. (“CLF”). It operated subsidiaries, affiliates and/or branches throughout the Caribbean region. Through these operations, the Company sold Insurance Contracts which included life insurance, annuity business, investment products as well as general insurance.

On 8 September 2009 by the Appointment Order the Company was placed in Judicial Management by the Bahamian court. Juan (John) M. Lopez of KPMG Restructuring Ltd. in The Bahamas was appointed the Judicial Manager of the Company.

The appointment of the Judicial Manager was preceded by the appointment of a Court appointed Judicial Manager, Agent, Administrator or Provisional Liquidator over a number of the BAICO branches.

A summary of the group structure of which the Company is a part (as at the date of the appointment of the Judicial Manager and the EC Officeholders) is shown in Appendix 5.3.

2.2 Events leading to the appointment of the Judicial Manager and the EC Officeholders

In early 2009, CLF and certain of its financial services subsidiaries, including the Company, announced that they were experiencing difficulties meeting their financial obligations.

On 30 January 2009, (GORTT entered into a Memorandum of Understanding with CLF for the provision of financial support to CLF and certain of its subsidiaries in order to assist them in meeting their statutory fund requirements in Trinidad and Tobago.

In early 2009, the Central Bank of Trinidad and Tobago (“CBTT”) took control of CLICO, a subsidiary of CLF, and also assumed control of BAT, a subsidiary of BAICO.

Following the actions of GORTT and the CBTT, a number of Regulators and Finance Ministers in the Caribbean region petitioned the Courts in their respective jurisdictions for the appointment of officeholders to assume control of the Company's branch and subsidiary operations.

As such, there were various appointments throughout the EC region as follows:

Legal proceeding / intervention	
Anguilla	On 31 July 2009, Mr. Claudel Romney, formerly of KPMG in Anguilla and now with BDO in Anguilla, was appointed as Administrator of BAICO's branch in Anguilla by Order of the Eastern Caribbean Supreme Court in the High Court of Justice of Anguilla.
Antigua & Barbuda	On 31 July 2009, Mr. Cleveland Seaforth, formerly of KPMG in Antigua & Barbuda and now with BDO Eastern Caribbean was appointed as judicial manager of BAICO's branch in Antigua & Barbuda by Order of the Eastern Caribbean Supreme Court in the High Court of Justice of Antigua & Barbuda.
Dominica	On 20 November 2009, there was a hearing by the Dominica court and a decision was made to recognise the Order in Dominica. Juan (John) M. Lopez was appointed as judicial manager and Frank Myers, formerly of KPMG in St Lucia and now with BDO Eastern Caribbean acts as his Agent.
Grenada	On 3 August 2009, Mr. Reuben John, formerly of KPMG in St. Vincent & the Grenadines and now with BDO Eastern Caribbean was appointed judicial manager of BAICO's Grenada branch by Order of the Supreme Court of Grenada & the West Indies Associated States High Court of Justice.
Montserrat	On 5 August 2009, Mr. Casey McDonald of KPMG (BVI) Limited in the British Virgin Islands, was appointed as judicial manager of BAICO's Montserrat branch by Order of the Eastern Caribbean Supreme Court in the High Court of Justice of Montserrat. Mr. Brian Glasgow of KPMG in Barbados has since replaced Mr. Casey McDonald as judicial manager of BAICO's branch in Montserrat.
St. Kitts & Nevis	On 31 July 2009, Ms. Lisa Taylor of KPMG in Barbados was appointed as judicial manager of BAICO's branch in St. Kitts & Nevis by Order of the Eastern Caribbean Supreme Court in the High Court of Justice of Saint Christopher & Nevis.
St. Lucia	On 31 July 2009, Mr. Frank Myers, formerly of KPMG in St Lucia and now with BDO Eastern Caribbean was appointed as judicial manager of BAICO's branch in St. Lucia by Order of the Eastern Caribbean Supreme Court in the High Court of Justice of St. Lucia.
St. Vincent & the Grenadines	On 30 July 2009, Mr. Brian Glasgow of KPMG in Barbados was appointed as judicial manager of BAICO's branch in St. Vincent & the Grenadines by Order of the Eastern Caribbean Supreme Court in the High Court of Justice St. Vincent & the Grenadines.

Appointment of the Judicial Manager in The Bahamas

Given the Company's financial difficulties, on 1 September 2009 Mr. Lennox McCartney, the Superintendent of the Insurance Commission of The Bahamas petitioned the Court for the appointment of Mr. Juan (John) Lopez as Judicial Manager of the Company.

By the Appointment Order dated 8 September 2009, the Order made by the Supreme Court of The Commonwealth of The Bahamas placed the Company into Judicial Management and appointed Juan (John) Lopez as Judicial Manager.

Other appointments and interventions

On 3 August 2009, the Supreme Court of Bermuda appointed the Official Receiver ("OR") in Bermuda as the Provisional Liquidator of BAICO's Bermuda branch. The OR duly appointed KPMG in Bermuda to act as his agent in undertaking the duties of the Provisional Liquidator.

On 11 September 2009, the Cayman Islands Monetary Authority ("CIMA") appointed Simon Whicker and Kris Beighton of KPMG in the Cayman Islands as Controllers over the BAICO branch in the Cayman Islands.

In certain jurisdictions the Judicial Manager was advised that he was required to make applications to the relevant courts to have the Order recognised.

On 7 October 2009 the Order was recognised by the Turks and Caicos Islands court and on 13 October 2011 the Order was recognised by the court in Trinidad and Tobago

The Judicial Manager was informed by the regulators in Netherlands Antilles of the actions taken to date to oversee and control the insurance business conducted by the BAICO entities in those countries.

BAICO's Panama branch was placed into liquidation in September 2010 following a decision by the Superintendent of Insurance. Mr. Marcelo De Leon Penalba was appointed to act as liquidator.

2.3 Actions taken during the Judicial Management

2.3.1 Actions taken to date in respect of BAICO's non-EC branches

The Company's core business was broadly split between various non-EC Branches and subsidiaries, (collectively "the non-EC Businesses") and BAICO's EC Branches.

The restructuring of the non-EC Businesses is now virtually complete, which has resulted in the sale of the Cayman, Turks and Caicos Islands and Netherlands Antilles (operating through Curacao, St. Maarten and Bonaire) branches and subsidiaries. At the same time, the agreement reached with the provisional liquidator of BAICO's Bermuda branch, allowing the Bermuda branch to implement a plan of arrangement for its Bermuda policyholders, has also been completed. The winding up petition in Bermuda in respect of the BAICO Bermuda Branch has been dismissed and the provisional liquidator has been discharged and released following the termination of the Bermuda branch plan of arrangement.

The only remaining non-EC Businesses are Guyana and Panama. In Guyana, there has been a successful realisation of assets and the sale of property in September 2014 represented the last significant BAICO asset remaining in Guyana. The property was sold for approximately EC\$1.7 million. The value of Guyana policyholder claims is very low, both individually and in aggregate EC\$350,000.

Information received from the local liquidator for BAICO's branch in Panama indicates that approximately EC\$11.6 million has been paid to policyholders in Panama from assets located in Panama. Those persons whose Insurance Contracts were issued by the Panama branch are considered Excluded Business following an agreement entered into between the Judicial Manager and the Panamanian liquidator in accordance with Panamanian law and as a result will have no claim under the Plan.

2.3.2 Actions taken to date in respect of the branches in the EC Territories

Proposed Initial Solution

The EC Officeholders have worked in very close cooperation with the ECCU Governments in order to find a restructuring solution for BAICO's EC business.

To improve prospects of recovery for policyholders, and with the assistance of the ECCC, the Judicial Manager and the EC Officeholders initially developed a solution to create a new company ("NewCo"). NewCo was to be capitalised with funds from the ECCU, independent investors and a significant injection of funds from GORTT. NewCo was to assume the liabilities of the Company and the prospects of recovery for policyholders, whilst not receiving a full payment, would have been enhanced.

Unfortunately, after 18 months of work, the funding for the solution did not materialise, principally due to the withdrawal of financial support from GORTT, and as a result the NewCo solution was abandoned.

The Judicial Manager and the EC Officeholders subsequently pursued a different strategy, seeking to generate separate solutions for the various portfolios of business within the Company.

Portfolio Solutions

In the period following their appointment, the Judicial Manager and the EC Officeholders dealt with certain portfolios of business in the following ways:

Transfer of the property insurance business

Negotiations were held with third parties interested in acquiring the property insurance business of the Company. An agreement between Caribbean Alliance Insurance (“CAI”) and the Company concluded in May 2010.

All holders of property insurance were notified of the cancellation of their Insurance Contracts and provided information regarding the option to establish a new insurance contract with CAI.

EC Health Fund

The EC Health Fund was launched on 18 May 2011 to ensure that eligible EC resident holders of health Insurance Contracts would have their agreed health-related claims paid in full. All health Insurance Contracts issued by BAICO in the EC were cancelled with effect from 18 June 2011, being one month after the announcement of the establishment of the EC Health Fund. All such insureds who notified BAICO of a claim under their Insurance Contract within the notification periods were invited to make a claim against the Health Fund by 31 December 2011, the bar date for all health claims.

Funding was principally provided by contributions from the ECCU Governments and post-appointment health Insurance Contract premium receipts collected by the EC Officeholders.

A total of approximately 1,500 applications were received with resulting payments under such Insurance Contracts of approximately EC\$3.5million. No further payments are due to be made from the Health Fund which is now closed to applications in accordance with its terms.

Sale of the Traditional Business

Following the withdrawal of financial support for the NewCo solution, the Judicial Manager, EC Officeholders and the ECCC developed a subsequent plan to transfer the Company’s traditional life business to Sagicor.

The sale and transfer of the EC traditional business to Sagicor closed on 15 March 2013 and resulted in the transfer of all in-force Insurance Contracts as of that date along with the liability for any traditional life policyholder debt that existed as of 15 March 2013 to Sagicor.

Sagicor completed its integration of the EC traditional business Insurance Contracts into its own operations in February 2014 and the transitional support provided by the Company has ceased. Sagicor has paid the Company all amounts due in connection with the sale.

The transfer has resulted in approximately 15,000 life Insurance Contracts with an actuarial liability of approximately EC\$90 million being transferred to Sagicor and the policyholders having their full Insurance Contract value restored through funding from the ECCU Governments.

Following the transfer of the traditional business portfolio the remaining insurance liabilities in the EC Territories consist principally of holders of Lapsed Insurance Contracts i.e. those Insurance Contracts that lapsed in the period between the Ascertainment Date and the purchase by Sagicor, as well as Annuity and Investment Contract holders.

The Annuity Relief Programme (“the ARP”)

The ECCU Governments established and administered the ARP to provide financial assistance for holders of Annuity and Investment Contracts issued by BAICO in the ECCU.

Three phases of the ARP have been initiated and have resulted in approximately 7,400 policyholders receiving approximately EC\$103.4 million, with financial support from GORTT.

Phase 1 of the ARP assisted FPA policyholders with individual Insurance Contract values of less than EC\$30,000. This phase was initiated in December 2012 and was concluded in March 2013.

Phase 2 of the ARP assisted EFPA and FPAPII policyholders with Insurance Contract values of less than EC\$30,000. This phase was initiated in March 2013 and concluded in July 2013.

Phase 3 of the ARP assisted EFPA and FPAPII policyholders with individual Insurance Contract values over EC\$30,000 and FPA policyholders who had an accumulated value at 1 August 2009 of over EC\$30,000. This phase was initiated in November 2013.

The following table summarises the three phases of the ARP:

	Eligible Policyholders		Applications		Total Relief Payments	
	Count	Value EC\$'m	Count	Value EC\$'m	Count	Value EC\$'m
Phase 1	5,073	25.0	3,146	19.8	3,146	19.8
Phase 2	2,680	32.1	2,542	30.5	2,418	29.0
Phase 3	2,669	80.1	2,575	77.3	1,820	54.6
Total	10,422	137.2	8,263	127.6	7,384	103.4

At present, there is no further GORTT funding available to ensure that all qualifying policyholders receive ARP payments, however this is not something within the control or responsibility of the Judicial Manager. The funds used to make the ARP payments were not BAICO's funds and were not under the control of the Judicial Manager.

It may be that further funding is made available by the Government of the Republic of Trinidad and Tobago ("GORTT"), in which case qualifying policyholders who have yet to receive an ARP payment will receive their entitlement. In relation to the proposed Plan, policyholders with Annuity and Investment Contracts on which no ARP payment has been received will have a Plan Claim equal to their original investment including any accrued and unpaid interest earned, at applicable contract rates, to the Ascertainment Date, and any Distribution will be based on this sum.

Policyholders who received ARP payments under Phase 1 or Phase 2 have signed a release and so have no further claims under those Insurance Contracts against the Company. Accordingly claims under these Insurance Contracts are not Plan Claims. Annuity and Investment Contract holders who received payments under Phase 3 or who have received no payment under the ARP will be Plan Creditors under the Plan. If, however, Plan Creditors have received or receive any payments due under Phase 3 of the ARP prior to the payment of any Distribution under the proposed Plan, these payments will be treated as

if they were advance Distributions by the Company in accordance with the ARP terms and Plan Creditors will only receive additional Distributions under the Plan once all Plan Creditors have received the same percentage of their claim.

2.4 Litigation

The Company has commenced litigation in various jurisdictions seeking to recover amounts due to the Company as well as commencing actions against former directors and officers for breach of duty. Some matters are ongoing and therefore it is not possible at this stage to provide details to Plan Creditors. Set out below, however, is some key publicly available information relating to certain actions:

2.4.1 Litigation in the United States of America

Three actions have been commenced in the United States:

- Action against Directors et al – Relating to breach of fiduciary duty, fraudulent transfer, fraud and aiding and abetting claims and generally in relation to the Company’s failure. Settlements have been reached with certain former directors and settlement discussions are currently ongoing, along with matters pending before the USBC, with respect to certain related parties.
- Action to recover sums invested in funds known as the Corban Fund II incorporated in the US – relating to civil theft, unjust enrichment and fraud claims for funds invested but not returned or accounted for. This matter remains pending before the USBC.
- Action to recover funds held at Wells Fargo Advisors (“WFA”) – in July 2014 a settlement was reached in this matter which was approved by the USBC in September 2014. Pursuant to the terms of the settlement, the majority of assets have been distributed to the Company.

2.4.2 Litigation in Trinidad and Tobago

The Company was owed a substantial amount by CLF under the terms of a promissory note dated 31 December 1998 (and amended on 1 January 2000) as well as other debts. This matter has now been settled and the Judicial Manager is in receipt of settlement funds. The terms of the settlement are subject to a confidentiality agreement.

The Company also sought recovery of an amount loaned to Brian Branker, a former director of the Company of EC\$1.8 million, plus accrued interest, under the terms of a promissory note signed in 2005. Judgment was awarded to the Company in March 2013 for EC\$1.7 million with interest accruing at 12%

after judgment. The Director filed an appeal of the judgment in April 2013 which was discontinued in September 2014. Funds have now been recovered totaling EC\$1.9 million, in full settlement of the judgment including interest.

2.4.3 Summary of litigation

There are various other legal actions ongoing or anticipated and as a result it is not appropriate to provide additional information on these matters. Currently, the Company has recovered in excess of EC\$150 million as a result of litigation.

3. Financial Information

The movement in the Company's assets and liabilities (excluding those relating to BAICO's Panama branch) between 30 June 2009 and 31 December 2016 is set out in the table below. The starting date of 30 June 2009 has been chosen because this is the date the last set of financial statements were prepared ahead of when the Judicial Manager was appointed. The table shows the Available Assets and the liabilities that will be subject to the proposed Plan, together with those assets and liabilities which are excluded from the Plan.

3.1 Financial Statement

All figures in EC\$'000	Balance Sheet at 30.06.09	Sale of branches, subsidiaries and business	Adjustments and other movements	Estimated Outcome	Excluded Assets and Liabilities	Available Assets and Liabilities
Free Investment Assets	181,890	(95,965)	(28,223)	57,703	(18,400)	39,303
Free Cash and Deposits	65,272	(8,138)	83,807	140,941	(7,486)	133,455
Pledged Assets	31,366	-	(3,342)	28,024	(28,024)	-
Other Assets	200,688	(26,688)	(173,648)	352	(28)	324
Total Assets	479,217	(130,791)	(121,406)	227,020	(53,938)	173,082
Insurance Contract liabilities (other than Excluded Business) (net of policy loans)	1,085,545	(267,379)	100,137	918,303	(9,225)	909,078
Other liabilities	369,804	(3,003)	(47,430)	319,371	(319,371)	-
Total Liabilities	1,455,350	(270,383)	52,707	1,237,674	(328,596)	900,078
				-		-
Shareholders' equity	(976,133)	139,592	(174,113)	(1,010,654)	274,658	(735,996)

3.1.1 Plan Creditors

Plan Creditors (with Plan Claim Values as at 8 September 2009) may be analysed as follows:

	EC\$'000
Annuity and Investment Contracts	915,559
Lapsed Insurance Contracts	2,694
Other	50
Total	918,303
Less St. Lucia (covered by the Insurance Fund)	(9,095)

It is important to note that the Distribution payable to Plan Creditors is not simply a division of Available Assets by total Plan Claim Values as this does not reflect the impact of Company assets that were pledged for the benefit of a specific group of insurance creditors, nor the impact of ARP payments that have been paid to Annuity and Investment Contract policyholders. It is currently estimated that dividend Distribution in the range of 20% to 25% will be payable, including ARP payments already made. This is an estimated range and the actual payment percentage may differ. Certain assumptions have been made about the asset values, level of claims against the Company and future expenses which may subsequently prove not to be accurate.

Adjustments and other movements include income received and expenses incurred in the period between 30 June 2009 and 31 December 2016, together with the write down of certain assets to their realised or estimated realisable values (principally in relation to sums due from CLF). A summary of receipts and payments is set out below.

3.2 Receipts and Payments

Since the appointment of the Judicial Manager and EC Officeholders a significant amount of progress has been made in respect of realising assets and forming a strategy to maximise returns for holders of Insurance Contracts. These actions have had a combined impact of reducing the deficiency facing Plan Creditors by over EC\$300m.

This is due to the successful realisation of assets held by BAICO including funds obtained from the sale of branch insurance business and subsidiaries, as well as the impact of ECCU Government funding of certain policyholder liabilities.

The following table shows a summary of the receipts and payments from the date of appointment of the Judicial Manager to 31 December 2016. At 31 December 2016, BAICO held approximately EC\$133.5 million in free cash and deposits.

Summary of Receipts and Payments as at 31 December 2016

	Total (EC\$m)
Opening cash and deposits at 30 June 2009	65.3
Add: Receipts	
Asset and Property Realisation	128.9
Receipts from policyholders	43.7
Operating Receipts	22.8
Funding provided from EC Governments	9.5
Investment Income	7.1
Sundry receipts	1.6
Total Receipts	213.5
Less: Payments	
Judicial Manager Fees	(58.3)
Payments to third parties	(34.0)
Legal and Professional Fees	(24.4)
Operating costs	(20.1)
Sundry Payments	(1.4)
Total Payments	(138.2)
Total Cash and Deposits at 31 December 2016	140.6
Less: Post-appointment premiums to be returned	(7.1)
Total Cash and Deposits at 31 December 2016	133.5

3.2.1 Receipts

3.2.1.1 Asset and Property Realisations

Since the appointment of the Judicial Manager, a number of assets have been realised totalling EC\$128.9 million. This total consists of the following principal components:

- Receipt of the CLF litigation in Trinidad and Tobago which is subject to a confidentially agreement, the majority of which has been invested in term deposits
- Receipts from sales of branches and subsidiaries totalling approximately EC\$32.2 million. This includes:
 - Proceeds from the sale of the Netherlands Antilles and Turks and Caicos Islands business

- Proceeds from the sale of the traditional life business to Sagicor
- Transfer of the property insurance business to Caribbean Alliance Insurance
- Sale of BAICO Cayman branch to BAF Cayman in 2009
- Receipts from sale of properties totalling approximately EC\$7.9 million sold largely within the EC Region and mainly within St. Vincent & the Grenadines and St. Kitts & Nevis

3.2.1.2 Receipts from Holders of Insurance Contracts

This amount totals EC\$43.7 million and consists of the following:

- EC\$37.8 million of post appointment premiums, of which EC\$20.1 million was transferred to Sagicor as part of the traditional life policy agreement, EC\$7.1 million of post appointment premiums that will be refunded (this process will operate outside of the Plan of Arrangement), and EC\$2.2 million of other refunds that were paid during the administration period, as seen in section 3.2.2.2 below
- Policyholder premiums collected on behalf of Sagicor and subsequently paid over to Sagicor in the amount of approximately EC\$2.8 million
- EC\$3.0 million of surplus refunds paid back to BAICO from the Health Fund

3.2.1.3 Operating Receipts

This amount totals EC\$22.8 million and consists of the following:

- Rental income of approximately EC\$7.9 million
- Mortgage repayments made to BAICO of approximately EC\$9.2 million
- Amounts received from Sagicor for BAICO to assist with claims handling and management of queries of approximately EC\$4.3 million
- Refunds paid back to BAICO for payments made to operate the business before being placed into Judicial Management, totalling approximately EC\$1.4 million

3.2.1.4 Funding from EC Governments

As there were no funds available on appointment to meet the costs and expenses of the JM and the EC Officeholders, the EC Governments provided funding of approximately EC\$9.5 million.

3.2.1.5 Investment Income

This amount totals EC\$7.1 million and consists principally of bank interest, and interest from bonds and deposits

3.2.2 Payments

There have also been a number of payments made during the Judicial Management to ensure successful asset realisation and management of the remaining liabilities.

3.2.2.1 Judicial Manager Fees

This amount totals EC\$58.3 million and consists principally of Judicial Manager/EC Officeholder fees. These fees relate to a number of work streams undertaken since the appointment of the Judicial Managers across the various jurisdictions in which BAICO had operations, including:

- managing the various streams of litigation to ensure an adequate recovery for the policyholders
- negotiations and ultimate sale of the traditional life business to Sagicor
- transfer of the property insurance business to Caribbean Alliance Insurance
- establishment of the Health Fund to effect payment of medical benefit claims
- asset recoveries and sale of properties
- sale of BAICO branches and subsidiaries
- ongoing communication with the ECCC, regulators, lawyers and other stakeholders
- liaison with EC and Bahamian Governments to enact specific BAICO legislation to enable the Plan to be promoted and implemented
- case management, strategy and administrative tasks

These fees have been reported to the relevant Courts and approval obtained where required.

3.2.2.2 Payments to third parties

A total payment of EC\$34.0 million includes the following:

- Transfer of post appointment premiums to Sagicor relating to the traditional life business of approximately EC\$20.1 million
- Payment of money received post the Sagicor agreement that were subsequently paid to Sagicor during the administration period of approximately EC\$4.8 million
- Payment to the Health Fund to provide refunds for approximately EC\$3.0 million
- Premium refunds made to individual policyholders of approximately EC\$2.2 million during the administration period
- Transfer of post appointment premiums to Caribbean Alliance Insurance relating to the property insurance business of approximately EC\$2.3 million

3.2.2.3 Legal and Professional Fees

These payments total EC\$24.4 million and include:

- Legal, actuarial and investment advice of approximately EC\$20.2 million
- Advice regarding the transfer of the traditional life business to Sagicor and ongoing support totalling approximately EC\$4.2 million

3.2.2.4 Operating costs

Operating costs total EC\$20.1million and include the following:-

- employee and agent salaries totalling EC\$10.5 million
- rent and utilities totalling EC\$7.5 million
- other costs including advertising, tax and security

Key Plan Provisions: A detailed Explanation

4.1 Application of the Plan

The Plan will only apply to Plan Claims existing as at the Ascertainment Date. The term "Plan Claim" is defined in the Plan, but in summary it means any claim of a Plan Creditor arising out of, or in connection to, an Insurance Contract underwritten by the Company other than in relation to Excluded Business.

4.2 Effect of the Plan and stay of Proceedings

- (a) If the Plan becomes effective, it will bind all Plan Creditors of the Company. The Plan provides that Plan Creditors will not be permitted to commence or continue any Proceedings against the Company to establish the existence or amount of any claim against the Company. Any Plan Claim which cannot be resolved by agreement between the Company and a Plan Creditor will be referred to the dispute resolution procedure provided for in the Plan.
- (b) Similarly, unless the Company has failed to make a payment which it is obliged to make under the Plan, a Plan Creditor is prohibited from taking any Proceedings against the Company for the purpose of enforcing payment of a Plan Claim.
- (c) If, despite these prohibitions, a Plan Creditor does bring Proceedings against the Company and obtains money or property as a result, that will be treated as an advance Distribution under the Plan. The Plan Creditor's entitlement to payment under the Plan will be reduced or extinguished accordingly. Any amounts recovered in excess of that entitlement must be repaid to the Company.

4.3 Determination of Plan Claims by the Company

The purpose of the Plan is to distribute to Plan Creditors a percentage of their Established Plan Claim; the Plan therefore provides that:

- (a) the value of Plan Claims will be based on the Company's records and each Final Claim Form to be distributed following the Effective Date will reflect that value. This value is subject to any adjustments arising from the dispute resolution procedure.
- (b) The valuation of Plan Claims is based on (i) in the case of Lapsed Insurance Contracts, the value attributed to such claim by Eckler Ltd. the actuarial firm hired by the Company, after the deduction of policy loans; and premium advance loans and (ii) in the case of Annuity and

Investment Contracts other than FPA Insurance Contracts, the total amount of contributions made to the Insurance Contract plus any unpaid and accrued interest to the Ascertainment Date, less the amount of any partial withdrawals or partial payments, and (iii) in the case of FPA Insurance Contracts, the accumulated value, being the amount calculated under the FPA Insurance Contract terms, which is generally the amount of contributions plus interest, less any withdrawals and fees, and (iv) in the case of other policies, the paid up value of the Insurance Contract or its surrender value at the Ascertainment Date.

- (c) The Voting and Claim Form, and Final Claim Form will reflect a reduction in value representing the amount of any prior payments a Plan Creditor has already received from another source in respect of the Plan Claims. Both forms will also note the amount of any ARP payments received.

4.4 Distribution and Completion of Final Claim Forms and Final Claims Submission Date

- (a) As soon as reasonably practicable after the Effective Date, the Company will advertise in a selection of Publications the Effective Date and will issue the Final Claims Submission Date Notice detailing the Final Claims Submission Date. The Final Claims Submission Notice will be uploaded onto the Plan Website.
- (b) The Company will also send to every known Plan Creditor, for whom it has what it believes to be a valid postal address and/or email address, the Final Claims Submission Date Notice providing Plan Creditors with notice that the Plan has become effective, together with details of the Final Claims Submission Date, and a personalised Final Claim Form. If a Plan Creditor has disputed the valuation of their Plan Claim prior to receiving a Final Claim Form, they will receive a blank Final Claim Form stating “claim disputed”.
- (c) The personalised Final Claim Form will include the Plan Creditor's name, address and other contact details together with details regarding the Plan Claim which appear in the Company’s records, or which have been agreed between the Plan Creditor and the Company following receipt of the Voting and Claim Form. It will include a reference to the type of Insurance Contract held and the value attributed to the Plan Claim. If a Plan Creditor does not receive a personalised Final Claim Form a blank Final Claim Form can be requested from the Company or downloaded from the Plan Website. In addition, Plan Creditors with a disputed Plan Claim will receive a blank Final Claim Form stating “claim disputed”.

- (d) The Final Claims Submission Date will be a date not less than twenty eight (28) calendar days after the Final Claims Submission Date Notice has been sent to Plan Creditors as set out in paragraph (b) above. Details relating to the Final Claims Submission Date are in paragraph (f) below
- (e) If a Plan Creditor agrees with the amount in the Final Claim Form, the Plan Creditor should sign and return the form to the Company in accordance with the instructions on the Final Claim Form. In the event that the Plan Creditor does not return the signed Final Claim Form prior to the Final Claims Submission Date, the Established Plan Claim will be recorded as having the value attributed to it in the Final Claim Form. In these circumstances, the Plan Creditor will be deemed to have accepted the value of the Established Plan Claim.
- (f) If the Plan Creditor disputes the Company's valuation of the Plan Claim, the Plan Creditor must, before the Final Claims Submission Date, return the Final Claim Form to the Company showing the Plan Creditor's own calculation of the value of the Plan Claim and provide any supporting documentation. The Plan Creditor should follow the instructions on the Final Claim Form as to the steps needed to take in order to have the value of the Plan Claim resolved. If the value cannot be agreed between the Plan Creditor and the Company within twenty eight (28) days of the Final Claims Submission Date (or such later date as agreed by you and the Company) the matter will be referred to the Plan Adjudicator and determined in accordance with the adjudication procedure set out in Clause 3.5 of the Plan. If the Plan Creditor has already disputed the value of the claim as detailed on the Voting and Claim Form and provided documentary evidence to the Company to support the valuation, the Plan Creditor needs to do nothing further unless the Plan Creditor wishes to make further changes to the valuation of the claim.

No Plan Creditor will have any right after the Final Claims Submission Date to submit a new or revised Final Claim Form or to provide revised or further information in respect of a Plan Claim (unless requested to do so by the Company or the Plan Adjudicator).

4.5 Plan Creditors with Insurance Contracts issued by the St Lucia branch

Plan Creditors with Insurance Contracts issued by the St Lucia branch of the Company may be eligible for payment of their Established Plan Claim from the St Lucia Insurance Fund.

These qualifying claims comprise Established Plan Claims in relation to Lapsed Insurance Contracts and Annuity and Investment Contracts where the contract number has the pre-fix BSL. These Plan Claims, based on current information available to the Judicial Manager, will be paid in full from the Insurance Fund at the same time as Distributions under the Plan. Plan Creditors whose Established Plan Claim includes claims qualifying for payment from the Insurance Fund and other non-qualifying Plan Claims will receive one initial Distribution comprising both the payment from the Insurance Fund in respect of qualifying Plan Claims and the Distribution under the Plan in respect of non-qualifying Plan Claims.

4.6 Dispute resolution procedure

- (a) Disputed Plan Claims will be dealt with in accordance with the adjudication procedure set out in Clause 3.5 of the Plan by Mr Chester Hinkson, the independent Plan Adjudicator. Please refer to Appendix 5.2 for Mr. Hinkson's CV.
- (b) Upon referring a Disputed Plan Claim to the Plan Adjudicator, the Company is required to provide the Plan Adjudicator with all claim forms, documents, submissions and correspondence. A copy of the referral and accompanying documents shall be provided by the Company to the Plan Creditor with the Disputed Plan Claim. The Plan Adjudicator may call upon the Company and the Plan Creditor to provide additional information to assist him in his deliberations up to fourteen (14) days after the referral. Such information must be provided to the Plan Adjudicator within fourteen (14) days of being requested to do so.
- (c) The Plan Adjudicator is entitled to retain and consult with independent advisors should he believe it necessary and/or appropriate to do so in order to resolve the Disputed Plan Claim.
- (d) The Plan Adjudicator is required under the Plan to render his decision not more than twenty eight (28) days from the date upon which the Disputed Plan Claim was referred to him.
- (e) All submissions and documents to be provided to the Plan Adjudicator by the Plan Creditor and the Company must be in English or translated into English.

The Plan Adjudicator's decision will be final and binding on both the Plan Creditor and the Company.

The duties and functions of the Plan Adjudicator are set out in clause 5.2 of the Plan.

4.7 Currency and Manner of Payment

- (a) Distributions under the Plan shall be paid in the currency of the relevant Insurance Contract giving rise to the Plan Claim. In other words, if your Insurance Contract is expressed to be in EC\$ you will be paid in EC\$.
- (b) Where no currency is specified, payment shall be made in the currency of the EC Territory in which the relevant Insurance Contract was issued. For example, if your Insurance Contract was issued in Grenada and it does not state that it is an EC\$ denominated Insurance Contract, you will be paid in EC\$ as the legal tender of Grenada.
- (c) The Available Assets are made up of both US\$ and EC\$ and therefore there may need to be some currency exchanges in order to pay Distributions in accordance with (a) and (b) above.
- (d) Payments will be made as follows:
- by cheque sent by Post; or
 - if requested to do so in writing by a Plan Creditor, by way of wire transfer to the bank account specified by the Plan Creditor at the Plan Creditor's expense; or
 - if the amount of any Distribution is below EC\$20 (applying the relevant conversion rates in accordance with paragraph (a) above) the receiving Plan Creditor may contact the Company and ask for his/her cheque to be exchanged for cash. This will result in the relevant Plan Creditor being required to attend the appropriate Company branch office/ office of the EC Officeholder to return the cheque and receive the cash. A release form will also have to be signed.
- (e) The despatch of cheques, payment of cash and payments made by way of wire transfer will constitute a full discharge of the Company's obligations under the Plan to Plan Creditors with respect to that Distribution. However, if a Plan Creditor to whom a cheque has been despatched has not presented it for payment, or exchanged it for cash, within six months from the date of posting, the funds represented by that cheque will be retained by the Company and added to the next Distribution for that Plan Creditor and that cheque will be cancelled.

- (f) In respect of the final Distribution to Plan Creditors, in the event that a cheque is not presented for payment or exchanged for cash (pursuant to the (e) above) within six months of the cheque being issued, the funds representing the uncashed cheque will be retained by the Company and placed in a Trust Account (an account to be set up at the ECCB or an ECCB supervised bank) for the benefit of those Plan Creditors who have not collected their Distribution. This money will be held for two (2) years after which the relevant Plan Creditor will be deemed to have provided the Company with a full and final release in respect of that Plan Creditor's Established Plan Claim. At the expiration of that two (2) years, any money remaining in the Trust Account will be returned to the Company.
- (g) Upon the making of the final Distribution, each Plan Creditor will be deemed to have provided a full and final release to the Company in respect of all claims it may have had against the Company. Such releases do not prevent Plan Creditors from receiving further payments under the ARP.

4.8 Termination of the Plan

Not less than twenty one (21) days after the transfer to the Trust Account of the remaining funds representing the uncashed cheques, the Company shall place a notice on the Plan Website and in a selection of Publications confirming that the Plan has been implemented in accordance with its terms and is therefore terminated. That notice shall provide information to Plan Creditors who have not presented their cheques on how they can obtain their Distribution(s).

**APPENDICES TO
THE EXPLANATORY STATEMENT**

Appendix 5.1 Curriculum vitae of the Chairman of the Meeting, Sir Errol Allen

Sir Errol N Allen, a Vincentian, was awarded a Bachelor of Science Honours Degree in Economics by the University of London, and a Master of Science Degree in International Economics by the University of Surrey.

Other than a year spent with the International Monetary Fund (IMF) as a Special Appointee, Sir Errol has worked with the Eastern Caribbean Central Bank (“ECCB”), and its predecessor, the East Caribbean Currency Authority, since 1974.

He was appointed Deputy Governor of the ECCB in 1983 and remained in that position until he retired on 31 March 2005. He remains the President of the Eastern Caribbean Institute of Banking and Financial Services and Chairman of the Caribbean Association of Banking and Financial Institutes.

Sir Errol was knighted in January 2014 for his contribution to banking and financial services.

Appendix 5.2 Curriculum vitae of the Plan Adjudicator, Chester A. S. Hinkson

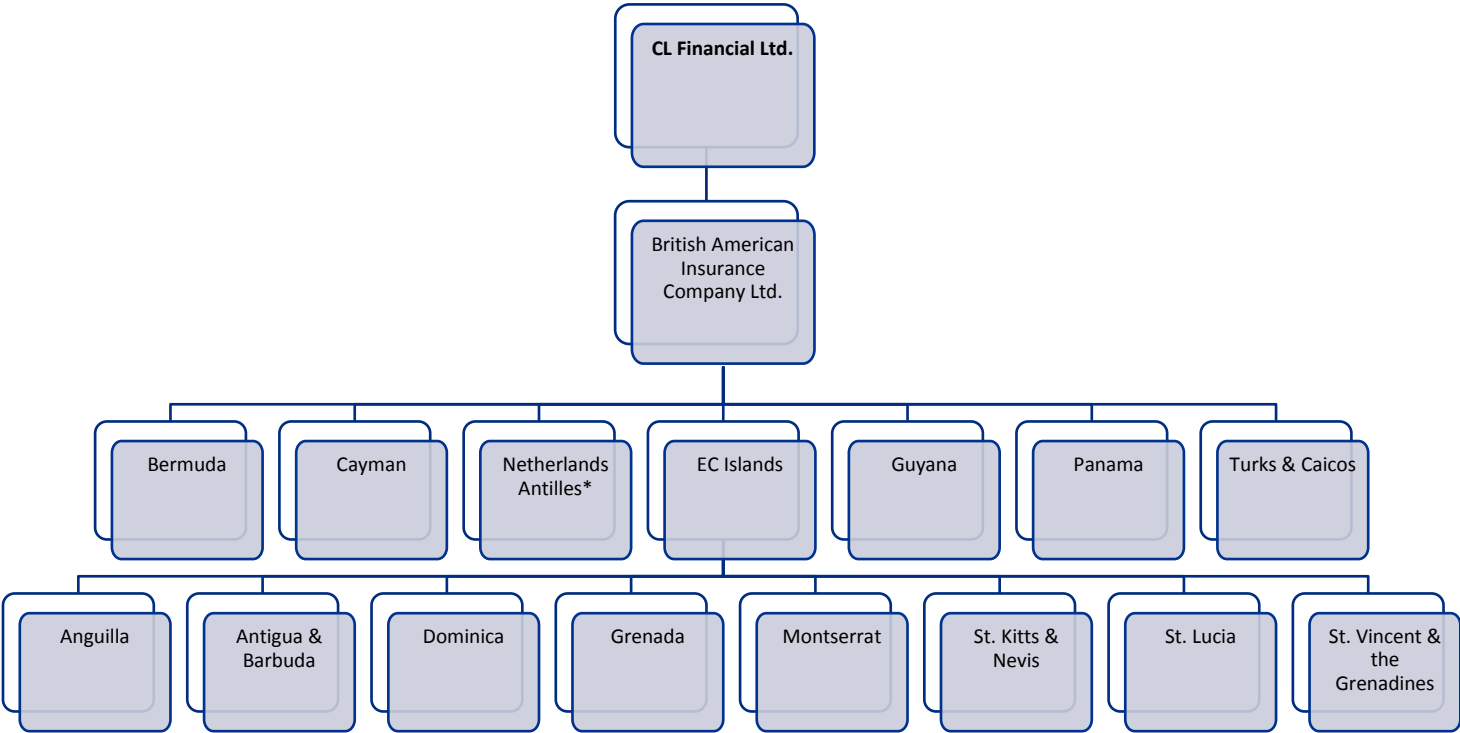
Mr. Chester A. S. Hinkson obtained a Bachelor of Commerce Degree in Financial Services from Nipissing University in North Bay, Canada and also The Personal Financial Planner (PFP) designation from the Institute of Canadian Bankers. He holds the professional designation of an Associate of the Institute of Canadian Bankers.

Mr. Hinkson, worked for a short period at 1st National Bank, formerly St. Lucia Co-operative Bank, before he joined the Bank of Nova Scotia in 1964. There he held management positions in Canada and the Caribbean. He retired from his then position as General Manager & Country Head at the St. Lucia Branch on August 1, 2014. During his employment with the Bank, he pioneered Scotiabank's first Micro Lending Program (in Guyana).

In 2014 he was awarded The St. Lucia Business Awards for Best Corporate leadership.

Mr Hinkson has held, and continues to hold many appointments relating to the financial services industry and in public service in St Lucia.

Appendix 5.3 Group structure of the Company



*Bonaire, Curacao and St Maarten operated out of the Netherlands Antilles business

Appendix 5.4 List of publications

Advertisements will be placed in at least one print publication and on at least one radio and TV station in each of the following jurisdictions. Advertisements will also be placed in the Official Gazette of each jurisdiction listed below where available.

<p>Anguilla</p> <p>Print:</p> <p>The Anguillan The Herald The Official Gazette</p> <p>Radio:</p> <p>Radio Anguilla</p> <p>Television:</p> <p>Channel 3 – ATV Channel 4 – KCN Channel 6 – Government/House of Assembly</p>	<p>Antigua & Barbuda</p> <p>Print:</p> <p>The Observer The Caribbean Times</p> <p>Radio:</p> <p>The Observer Nice FM Liberty Radio ABS Radio</p> <p>Television:</p> <p>ABS TV</p>	<p>Dominica</p> <p>Print:</p> <p>Sun Chronicle Official Gazette</p> <p>Radio:</p> <p>Dominica Broadcasting Station Kiari FM Radio Broadcasting Station Q95</p> <p>Television:</p> <p>Marpin Digicel Play</p>	<p>Grenada</p> <p>Print:</p> <p>The New Today The Grenada Informer</p> <p>Radio:</p> <p>GBN Wee FM</p> <p>Television:</p> <p>Flow – CC6 GBN TV</p>
<p>Montserrat</p> <p>Print:</p> <p>The Montserrat Reporter</p> <p>Radio:</p> <p>Radio Montserrat (ZJB)</p>	<p>St. Kitts & Nevis</p> <p>Print:</p> <p>The Observer The Labour Spokesman The Democrat</p> <p>Radio:</p> <p>ZIZ Radio WINN FM Freedom FM</p> <p>Television:</p> <p>ZIZ TV</p>	<p>St. Lucia</p> <p>Print:</p> <p>The Star The Mirror The Voice The Gazette</p> <p>Radio:</p> <p>Radio St. Lucia Radio Caribbean Int W-Vent</p> <p>Television:</p> <p>Helen TV System Daher Broadcasting Choice TV</p>	<p>St. Vincent & the Grenadines</p> <p>Print:</p> <p>The News The Searchlight The Vincentian</p> <p>Radio:</p> <p>Hot FM NBC Nice Radio Star FM WeFM</p> <p>Television:</p> <p>SVG TV</p>

In addition to the above, the following online publications

Anguilla

<http://theanguillian.com/>

<http://www.caribbeannewsnow.com/anguilla.php>

Antigua & Barbuda

www.antiguaobserver.com

www.caribbeantimes.ag

<http://www.caribbeannewsnow.com/antigua.php>

Dominica

<http://dominicanewsonline.com>

<https://www.dominicavibes.dm/>

<http://www.caribbeannewsnow.com/dominica.php>

Grenada

<http://www.caribbeannewsnow.com/grenada.php>

Montserrat

<https://www.themontserratreporter.com/>

<http://www.caribbeannewsnow.com/montserrat.php>

St. Kitts & Nevis

<http://www.caribbeannewsnow.com/skn.php>

St. Lucia

<https://www.stlucianewsonline.com/>

<https://stluciatimes.com/>

<http://www.caribbeannewsnow.com/stlucia.php>

St. Vincent & the Grenadines

<http://thevincentian.com/>

Appendix 5.5 Contact details for Judicial Manager and EC Officeholders

The Judicial Manager's contact details are as follows:

Juan (John) M. Lopez

P. O. Box N-123

Montague Sterling Centre

East Bay Street

Nassau, The Bahamas

E-mail: baicomail@kpmg.com.bs

The contact email for each office is baicomail@kpmg.com.bs

The contact person for each office is as follows:

Anguilla

Claudiel V. Romney

Antigua & Barbuda

Cleveland S. Seaforth

Dominica and St. Lucia

Frank V. Myers

Grenada

Reuben M. John

Montserrat and St. Vincent & the Grenadines

Brian A. Glasgow

St. Kitts & Nevis

Lisa A. Taylor

Appendix 5.6 Summary of Eckler Actuarial Report

Jurisdiction	No. of Policies	Gross Policy Valuation	Policy Loans	Premium Advance Loans	Cash Surrender Value
Anguilla	21	124,527	(12,812)	(22,051)	89,664
Antigua & Barbuda	174	361,980	(60,722)	(30,423)	270,835
Dominica	91	254,213	(25,932)	(39,401)	188,880
Grenada	393	686,407	(101,063)	(41,077)	544,267
Montserrat	18	109,700	-	(45,971)	63,729
St. Kitts & Nevis	258	767,948	(101,046)	(167,801)	499,101
St. Lucia	272	858,141	(161,991)	(122,259)	573,891
St. Vincent & The Grenadines	298	587,106	(59,630)	(64,173)	463,303
Grand Total	1,525	3,750,022	(523,196)	(533,156)	2,693,670

In general, the valuation for lapsed policies as at the Ascertainment Date (8 September 2009) is calculated as the cash values payable on that valuation date less all related outstanding policy loans, the cash surrender value (CSV).

Eckler Ltd. calculated the CSV's as at the Ascertainment Date for all requested lapsed policies as follows:

- For traditional life policies, the cash surrender value for each requested policy was generated by looking up the cash value per \$1,000 on the valuation date using cash value tables for each appropriate plan type contained within the dataset (originally provided by BAICO) and the number of years through policy and applying this to the sum insured
- In particular, for universal life (UL) policies, the cash surrender values are the accumulated fund values as at the valuation date less surrender charges. The accumulated fund values for UL policies are calculated using the same assumed credited interest rates, cost of insurance tables and surrender charge tables contained within the final dataset.
- No value was attributed to term policies.

COMMONWEALTH OF THE BAHAMAS

2017

IN THE SUPREME COURT

COM/com/

Commercial Division

IN THE MATTER OF BRITISH-AMERICAN INSURANCE COMPANY LIMITED

AND IN THE MATTER OF THE PLAN OF ARRANGEMENT (BRITISH-AMERICAN INSURANCE
COMPANY LIMITED) ACT, 2017

PLAN OF ARRANGEMENT

BETWEEN

BRITISH-AMERICAN INSURANCE COMPANY LIMITED

(Judicial Manager Appointed)

And its

PLAN CREDITORS

(as defined in the Plan of Arrangement)

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Part 1: Preliminary

1.1 Definitions

1.1.1 In the Plan, unless the context otherwise requires or otherwise expressly provides, the following expressions shall bear the meaning set opposite them:

“Act”	the Insurance Act 2005 of The Bahamas
“Annuity and Investment Contracts”	Insurance Contracts which are defined as annuities under section 2 of the Insurance Act, 2005 of The Bahamas, namely policies under which BAICO assumed the obligation to make, after the expiration of a certain period or during a specified period, a payment or a series of periodic payments to a particular person, in exchange for a premium or series of premiums paid to the insurer. These include, but are not limited to, policies identified by the Company as Executive Flexible Premium Annuity Insurance Contracts (“EFPA”), Flexible Premium Annuity Insurance Contracts (“FPA”) and Flexible Premium Annuity II Insurance Contracts (“FPAII”)
“ARP”	the Annuity Relief Programme
“Appointment Order”	the Order made by the Court placing the Company into Judicial Management and appointing Juan (John) M. Lopez as Judicial Manager
“ARP Payments”	means any amount received by a Plan Creditor under the ARP. The terms under which the ARP Payments were made together with its funding and organisation were managed by the ECCU Governments and not the Judicial Manager or the EC Officeholders, whose role was limited to facilitating the distribution of the payments. Payments made under the ARP, in

accordance with the terms set out at the time payment was made, are to be treated as an advance Distribution from the Company.

“Ascertainment Date”

8 September 2009 being the date of the appointment of the Judicial Manager. This is the date at which all Plan Claims of the Company will be valued under the terms of the Plan.

“Available Assets”

the Property held by the Company, net of (i) assets to meet the Guyana Reserve amounting to EC\$350,000; (ii) assets of BAICO’s branch in Panama, including but not limited to any assets already distributed to creditors of the Panama branch; (iii) assets held in the St. Lucia Insurance Fund and (iv) any present, future and contingent obligations of the Company including future costs and expenses of the Company (other than the costs of the Plan Adjudicator) (or any subsequently appointed liquidator(s)) up to and including dissolution

“BAICO” or the “Company”

means British-American Insurance Company Limited, incorporated under the laws of The Bahamas with registration number 47 and acting by its Judicial Manager

“Chairman”

Sir Errol Allen being the person appointed by the Court to act as Chairman of the Meeting, or if he is not available, Juan (John) M. Lopez

“Court”

The Supreme Court of The Commonwealth of The Bahamas, Common Law and Equity Division

“Court Order”

the order of the Court sanctioning the Plan

“Directions Order”	the order of the Court giving directions to the Company on the convening of and conduct of the Meeting
“Disputed Plan Claim”	means a Plan Claim which has not been agreed by the Company and the Plan Creditor within 21 days from the Final Claims Submission Date (or such longer period as agreed) between the Company and the relevant Plan Creditor and referred to the Plan Adjudicator
“Disputed Plan Creditor”	means a Plan Creditor with a Disputed Plan Claim
“Distribution(s)”	the payment(s) to Plan Creditors of a percentage of the amount of their Established Plan Claims, such percentage to be determined on the basis of the amount of Available Assets divided by the total amount of Established Plan Claims. In the case of Plan Creditors who have received ARP payments or are eligible to receive payment from the St Lucia Insurance Fund, Distribution(s) will only become payable once the amount of the Distribution(s) exceeds the amount of the ARP Payment and/or payment from the St. Lucia Insurance Fund, as applicable.
“EC”	the Eastern Caribbean
“EC Acts”	the acts of the legislature in those EC Territories which have enacted legislation to provide for a Plan in that EC Territory, to effect a Plan for the Company or to grant recognition of a Plan for the Company sanctioned in The Bahamas.
“ECCB”	The Eastern Caribbean Central Bank

“ECCC”	The Eastern Caribbean Currency Union’s Technical Core Committee on Insurance, formerly Chaired by Mr Timothy Antoine, and now Chaired by Mr Whitfield Harris Jr.
“EC Courts”	the courts in the EC Territories
“ECCU”	Eastern Caribbean Currency Union
“ECCU Government(s)”	the Government or Governments of an EC Territory being part of the ECCU
“EC Health Fund”	the health insurance support fund that was established to ensure that eligible EC resident policyholders had their agreed health-related claims paid in full. The EC Health Fund was launched on 18 May 2011 and is now closed to applications in accordance with its terms
“EC Officeholders”	means those persons appointed as Judicial Managers, Administrators, Agents or otherwise over the Company in the EC Territories, namely

Anguilla

Claudiel V. Romney

Antigua & Barbuda

Cleveland S. Seaforth

Dominica and St. Lucia

Frank V. Myers

Grenada

Reuben M. John

Montserrat and St. Vincent & the Grenadines

Brian A. Glasgow

St. Kitts & Nevis

Lisa A. Taylor

“EC Territories”	Anguilla, Antigua & Barbuda, Dominica, Grenada, Montserrat, St. Kitts & Nevis, St. Lucia and St. Vincent & the Grenadines
“EC\$”	Eastern Caribbean dollars, the legal currency for the EC Territories
“Eckler Actuarial Report”	the report prepared by Eckler Ltd. containing a valuation for lapsed policies as at 8 September 2009
“Effective Date”	the date upon which the Plan becomes effective and binding on all Plan Creditors under the provisions of the Plan Act
“EFPA”	an Executive Flexible Premium Annuity Insurance Contract
“Established Plan Claim”	a Plan Claim which has been agreed between the Company and the Plan Creditor, or adjudicated upon by the Plan Adjudicator and which represents the value upon which Distributions under the Plan will be made to Plan Creditors after all applicable set-off
“Exchange Rate”	means the rate of exchange to be used for converting EC\$ to US\$ namely, EC\$2.7 for each US\$, and vice versa
“Excluded Business”	business which has been transferred, sold or otherwise provided for by the Judicial Manager or for which other parties have assumed responsibility for claims, as set out below: <ul style="list-style-type: none"> • Annuity and Investment Contracts where the Principal Balance is EC\$30,000 or under and the Insurance Contract holder has received payment

of their Principal Balance and signed a release in accordance with the terms of the ARP;

- All medical Insurance Contract holders who received and cashed a cheque from the EC Health Fund;
- any traditional life Insurance Contracts which were part of the sale and transfer to Sagicor on 15 March 2013;
- a Lapsed Insurance Contract, being an Insurance Contract which was subsequently reinstated with Sagicor;
- property Insurance Contracts, all of which were cancelled as part of the sale of the Company's property business to Caribbean Alliance Insurance;
- any Insurance Contracts issued by the Company's branches in the Netherlands Antilles (operating through Curaçao, Bonaire and St. Maarten), Cayman, and Turks and Caicos Islands which have been dealt with in the transfer or sale of those businesses;
- any Insurance Contracts issued by the Company's branch in Panama
- any Insurance Contracts issued by the Company's branch in Bermuda which have been determined and settled under a separate arrangement similar to a plan of arrangement which became effective on 27 May 2011;
- any Insurance Contracts issued by the Company's branch in Guyana; and

- claims against the Company arising otherwise than in relation to Insurance Contracts

“Final Claim Form”

the form that will be provided to each Plan Creditor following the Effective Date and which will contain information on the value attributed to Plan Claims in accordance with the Company’s records, or as otherwise agreed between the Plan Creditor and the Company. In circumstances where the Plan Creditor has disputed the value attributed to its Plan Claim prior to the Effective Date, a blank Final Claim Form will be provided stating “claim disputed”. Blank Final Claim Forms will also be available on the Plan Website

“Final Claims Submission Date”

a date at least 28 days after the date on which the Final Claims Submission Date Notice is Posted, after which no further Final Claim Forms or amendments to Final Claim Forms will be accepted

“Final Claims Submission Date Notice”

the notice sent to each Plan Creditor detailing the date after which Final Claim Forms will no longer be accepted, or be capable of amendment

“FPA”

means a Flexible Premium Annuity Insurance Contract

“FPAII”

means a Flexible Premium Annuity II Insurance Contract

“Guyana Reserve”

the reserve which the Judicial Manager has set aside for payment of the Company’s liabilities in Guyana and all associated costs of running of the branch and closing it down

“Insurance Contracts”	means contracts which would be entitled to rank above unsecured creditors in the winding up of BAICO in The Bahamas under the provisions of Insurance Act, 2005 of The Bahamas, and related regulations, namely contracts of insurance, reinsurance and annuity contracts entered into by the Company. For the avoidance of doubt Insurance Contracts do not include reinsurance contracts purchased by the Company
“Insurance Fund”	the fund maintained in accordance with the regulatory requirements of St. Lucia and funded by assets pledged by the Company
“Judicial Manager”	means Juan (John) M. Lopez, appointed by the Court on 8 September 2009 under the Act
“Lapsed Insurance Contract”	means a traditional life Insurance Contract (other than an Excluded Business Insurance Contract) which lapsed between the date of the appointment of the Judicial Manager and the date of the transfer of the traditional life business to Sagicor (15 March 2013). Lapsed Insurance Contracts will be valued as at the Ascertainment Date in accordance with the Plan Value Basis after deduction of any policy loans or premium advance loans
“Meeting”	the meeting consisting of the Principal Meeting and Sub-Meeting(s) ordered to be convened by the Court and to be held on 21 September 2017 at 10.00 am (EST) in St. Kitts & Nevis and various other locations at which the Plan Creditors will be asked to vote on the Plan

“Meeting Representatives”	Individuals attending the Sub-Meetings as requested by the Judicial Manager or the Chairman to assist in the procedure and conduct of the Meeting
“Plan”	this Plan of Arrangement proposed between the Company and its Plan Creditors under the provisions of the Plan Act
“Plan Act”	the Plan of Arrangement (British-American Insurance Company) Act 2017 of The Bahamas
“Plan Adjudicator”	Mr Chester Hinkson or such other person as shall be appointed under the provisions of the Plan
“Plan Claim”	any claim against the Company arising out of an Insurance Contract issued by the Company, other than claims against the Company which arise out of Excluded Business
“Plan Creditors”	those persons who have Plan Claims
“Plan Claim Value”	the value attributed to a Plan Claim by the Company and appearing on the Voting and Claim Form and/or the Final Claim Form without taking into account set-off, other than set-off arising in the form of policy loans or premium advance loans
“Plan Value Basis”	means, (i) in the case of Lapsed Insurance Contracts, the values for each of those Insurance Contracts as stipulated in the Eckler Actuarial Report; (ii) in the case of Annuity and Investment Contracts, the Principal Balance calculation together with interest at the applicable Insurance Contract interest rate(s) accrued and unpaid to the Ascertainment Date; and (iii) in the case of any other Plan Claims, the paid up

Insurance Contract amount or surrender value at the Ascertainment Date

“Plan Website”

www.kpmg.com/bs/baico

“Post” or “Posted”

means delivered by hand, prepaid first class post, airmail post, electronic mail or facsimile

“Principal Balance”

in relation to:-

- an Annuity and Investment Contract other than an FPA, the total amount of contributions made to the Insurance Contract, less the amount of any partial withdrawals or partial payments
- an FPA, the accumulated value being the amount calculated under the FPA Insurance Contract terms, which is generally the amount of contributions less any withdrawals and fees

“Principal Meeting”

the venue at which the Meeting will be held and at which the Chairman will attend for the purpose of conducting the Meeting and the Sub-Meetings. The Principal Meeting will be held at the ECCB Headquarters, Pond Road in St. Kitts & Nevis, namely ECCB Headquarters, Basseterre, St. Kitts & Nevis, West Indies

“Proceedings”

any action, step or other legal proceeding including, without limitation, any demand, arbitration, alternative dispute resolution procedure, judicial review, adjudication, execution, seizure, distraint, forfeiture, re-entry, lien, enforcement of judgment or enforcement of any security (including, without limitation, enforcement of any letters of credit)

“Property”	all forms of property and obligations, both present and future, (including money, goods, things in action, land and every description of property wherever situated) and every description of interest, whether present, future, vested or contingent or arising out of or incidental to, property
“Publications”	the journals, newspapers or other media outlets in which the Company notifies Plan Creditors of the Meeting and such other matters required by the Plan. A full list of the Publications is set out in Appendix 5.4 of the Explanatory Statement
“Registrar General’s Department”	the Registrar General’s Department of The Bahamas
“Sagicor”	Sagicor Life, Inc., a company incorporated in Barbados
“Sanction Order”	the Order of the Court sanctioning the Plan which is filed with the Registrar General’s Department at which time the Plan becomes effective
“Sub-Meeting(s)”	meetings which, together with the Principal Meeting form the Meeting to be held in one or all of Antigua & Barbuda, Grenada and St. Vincent & the Grenadines and which Sub-Meetings will be linked to the Principal Meeting by electronic means where available
“Trust Account”	means the account to be set up by the Judicial Manager at the ECCB or an ECCB supervised bank, for the purpose of receiving uncollected Distributions and cash representing final unrepresented Distribution cheques and retaining same for 2 years for the benefit of those Plan Creditors’ entitled to such Distributions

“The Bahamas”	the Commonwealth of The Bahamas
“USBC”	United States Bankruptcy Court
“US\$”	means the legal currency of the United States of America
“Voting and Claim Form”	means the form that was provided to all Plan Creditors known to the Company prior to the Meeting and which contained the value attributed to that Plan Creditor’s Plan Claim based on the information available to the Company. In the case of a Plan Creditor about whom the Company was not aware, that person or entity who requested a form directly from the Company or downloaded a form from the Plan Website

1.2 Interpretation

In the Plan, unless the context otherwise requires or the Plan expressly provides otherwise:

- (i) references to Parts, Clauses, Sub-Clauses and Appendices are references to the Parts, Clauses, Sub-Clauses and Appendices respectively of the Plan;
- (ii) references to a “person” include references to an individual, firm, partnership, company, corporation, unincorporated body of persons or any state or state agency;
- (iii) references to a statute or a statutory provision include the same as subsequently modified, amended or re-enacted from time to time;
- (iv) the singular includes the plural and vice versa and words importing on gender shall include all genders; and
- (v) headings to Parts, Clauses, Sub-Clauses and Appendices are for ease of reference only and shall not affect the interpretation of the Plan.

1.3 The Company

1.3.1 British-American Insurance Company Limited (the “Company”) was incorporated in the Commonwealth of The Bahamas in 1920 and has the registration number 47. The Company operated subsidiaries, affiliates and/or branches throughout the Caribbean region and Bermuda offering primarily long term insurance products, but also some general insurance cover to the local residents of those jurisdictions. It is believed that it was regulated locally in each of the jurisdictions in which it operated.

The Company is a majority owned subsidiary of CL Financial Ltd. (“CLF”), a conglomerate with a large financial services business incorporated in and administered in Trinidad and Tobago (“T&T”).

1.4 Parties other than the Company and the Plan Creditors

1.4.1 Mr. Juan (John) M Lopez of KPMG Restructuring Ltd. in The Bahamas was appointed as Judicial Manager of the Company by Order of this Court on 8 September 2009. The Judicial Manager will be responsible for the implementation of the Plan in accordance with its terms and in accordance with the provisions of the Plan Act.

1.4.2 Mr Chester Hinkson will act as the Plan Adjudicator for the purpose of determining Disputed Claims under the Plan.

1.4.3 The EC Officeholders (as defined herein)

1.5 Purpose of the Plan

The purpose of the Plan is to apply the Plan Value Basis to Plan Claims and to make a Distribution of the Available Assets based on an aggregate of those values to all Plan Creditors with Established Plan Claims which represent each Plan Creditor's pro rata entitlement to the Available Assets.

Part 2: The Plan

2.1 Application and operation of the Plan

On the Effective Date, the Plan shall apply to all Plan Creditors. The Plan will be administered by the Company acting by the Judicial Manager.

2.2 Proceedings

2.2.1 Without prejudice to Clause 2.2.3, save with the consent of the Company, no Plan Creditor shall be permitted to institute or continue any Proceeding or other judicial, quasi-judicial, administrative or regulatory process whatsoever against the Company in The Bahamas or elsewhere to establish the existence of a Plan Claim.

2.2.2 If and to the extent that a Plan Creditor obtains an order, judgment, decision or award of a court or tribunal against the Company in relation to a Plan Claim in contravention of Clause 2.2.1 such order, judgment, decision or award shall not give rise to an Established Plan Claim and shall be disregarded when determining the obligations of the Company under the Plan to that Plan Creditor.

2.2.3 Nothing in the Plan shall preclude the Company from commencing or continuing any Proceeding against a Plan Creditor provided that, without prejudice to the relevant Plan Creditor's rights of set-off and such Plan Creditor's right to argue that the relevant Proceeding has been commenced or is continuing in an inappropriate forum, nothing in the Plan shall preclude the relevant Plan Creditor from asserting and prosecuting a claim against the Company in the relevant Proceeding (whether by way of claim or counterclaim) so long as:

- (i) the relevant Plan Claim arises out of the same transaction or occurrence that is the subject matter of the Company's claim in the relevant Proceeding; and
- (ii) the relevant Plan Claim does not require the presence of third parties over whom the court or tribunal in question cannot acquire jurisdiction for its adjudication.

2.3 Enforcement of Plan Claims

Save to the extent that the Company has failed to perform any obligation to make a payment to a Plan Creditor under the provisions of the Plan, no Plan Creditor shall be entitled to take any Proceeding or step (whether by way of demand, legal proceedings, execution of judgment,

arbitration proceedings or otherwise) against the Company or its Property in any jurisdiction whatsoever to enforce payment in whole or in part of any Plan Claim.

2.4 Acts prohibited by Clauses 2.2 and 2.3

2.4.1 Without prejudice to Clauses 2.2 and 2.3, if any Plan Creditor takes any action after the Effective Date which is prohibited by the said Clauses 2.2 and 2.3 in any jurisdiction that may permit the taking of such action notwithstanding such prohibition and successfully obtains a judgment, ruling or order against the Company which the Company is required to pay, he shall be treated as having received an advance Distribution on account of his/her Plan Claim, to the extent that it becomes an Established Plan Claim, equal to the amount or gross value of any money, Property, benefit or advantage obtained by him/her at the expense of the Company as the result of such action and the extent to which he is entitled to participate in any distribution under the Plan shall be determined accordingly.

2.4.2 For the purpose of this Clause 2.4, the gross value of any money, property, benefit or advantage obtained by a Plan 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 acting in a manner prohibited by this Clauses 2.2 and 2.3. If any advance distribution to a Plan Creditor, other than in respect of an ARP Payment, exceeds the amount of its Established Plan Claim, the balance shall be repayable by the Plan Creditor to the Company immediately and shall be deemed to be a debt which is immediately due and owing by the relevant Plan Creditor to the Company.

2.5 Interest

No interest will be paid on any Plan Claim, save that interest which accrued prior to the Ascertainment Date.

2.6 Set-off

Any liability of a Plan Creditor to the Company and any cross-claim the Company may have against a Plan Creditor may be set-off in determining the value of that Plan Creditor's Established Plan Claim.

2.7 Currency of Payment

Distributions under the Plan shall be paid in the currency of the relevant Insurance Contract giving rise to the Plan Claim. Where no currency is specified, payment shall be made in the

currency of the country in which the relevant Insurance Contract was issued. For the purpose of converting any funds from US\$ to EC\$, or vice versa, the Exchange Rate will be applied. If a Plan Creditor whose Plan Claim is to be paid in US\$ submits a request in writing to the Company that he wishes to receive his Distribution in EC\$, the Distribution will be made in EC\$ applying the Exchange Rate.

Part 3: Determination of Claims

3.1 Ascertainment Date

All Plan Claims shall be valued as at the Ascertainment Date which is 8 September 2009, being the date upon which the Judicial Manager was appointed by the Court.

3.2 Valuation of Claims

Plan Claims will be ascribed a value calculated by reference to the Plan Value Basis. With effect from the Effective Date, Plan Creditors will be prohibited from disputing the basis upon which their Plan Claim has been valued. Plan Creditors will only be able to challenge the factual basis upon which their Plan Claim has been valued or categorised in the Plan Value Basis.

3.3 Final Claim Form

3.3.1 Within seven (7) days of the Effective Date, Final Claim Forms will be sent by Post to every Plan Creditor in respect of whom the Company is aware and has contact details. Accompanying the Final Claim Form will be the Final Claim Submission Date Notice noting the Effective Date and setting out the date upon which Final Claim Forms must be returned to the Company. The Final Claims Submission Date will be not less than twenty eight (28) days after the Final Claims Submission Date Notice has been Posted. The Company will also advertise the Final Claims Submission Date Notice in a selection of Publications and upload it on to the Plan Website.

3.3.3 Final Claim Forms will contain the information relating to the Plan Creditor's Plan Claim according to the Plan Value Basis, or the amount agreed between the Company and the Plan Creditor in the event that the Plan Value on the Voting and Claim Form had been disputed.

3.3.4 Where a Plan Creditor disputed the value of the Plan Claim appearing on the Voting and Claim Form and such dispute has not been resolved, the Plan Creditor will receive a blank Final Claim Form.

3.3.5 Final Claim Forms must be completed, signed and returned to the Company at the address appearing on the form itself so as to be received by the Final Claims Submission Date. A Final Claim Form can be amended at any time prior to the Final Claims Submission Date but not thereafter.

- 3.3.6 If a Plan Creditor submits a Final Claim Form that sets out a value which differs from the amount appearing in the Final Claim Form provided to him, evidence in support of the amended value should be attached to the Final Claim Form. Details of what will be required are set out in the instructions accompanying the Final Claim Form.
- 3.3.7 After the Final Claims Submission Date no Plan Creditor shall have any right to make any additional claims or revise or provide further information in respect of a Plan Claim, except in response to a request for such further information by the Company or the Scheme Adjudicator.

Determination of Claims

- 3.4.1 Where a Plan Creditor has not returned a Final Claim Form by the Final Claims Submission Date, the amount appearing on the Final Claim Form prepared by the Company will be treated as that Plan Creditor's Established Plan Claim. This is with the exception of a Plan Creditor who has disputed their Plan Claim Value prior to the Final Claims Submission Date, in which case their Plan Claim will be subject to the dispute resolution process set out in Clause 3.5.
- 3.4.2 Where a Plan Creditor has disputed the value of their Plan Claim on their Voting and Claim Form and no agreement has been reached between the Company and the Plan Creditor prior to the issue of the Final Claims Submission Date Notice, that Plan Creditor will receive a blank Final Claim Form stating "claim disputed". If the Plan Creditor completes and returns the Final Claim Form, the provisions of Clause 3.4.3 shall apply. If he does not do so, the Voting and Claim Form which is being disputed will be treated as the Final Claim Form and the provisions of Clause 3.4.3 shall apply unless further amendments are notified by the Plan Creditor prior to the Final Claims Submission Date. If a dispute has been resolved prior to the Plan Creditor receiving their Final Claim Form, the Final Claim Form will include the revised Plan Claim Value.
- 3.4.3 Where a Plan Creditor disputes the Plan Value attributed to his Plan Claim as it appears in his Final Claim Form, the Company will endeavour to agree the amount of the Plan Claim with that Plan Creditor as soon as practicable after receipt of the Final Claim Form and in any event, as soon after the Final Claims Submission Date as practicable. This procedure will also apply to a disputed Voting and Claim Form.
- 3.4.4 The Company will be entitled, in a notice to the Plan Creditor concerned, to require the production of such further information or documentary evidence as it may reasonably require in order to assist the Company in agreeing or otherwise resolving the relevant Disputed Plan Claim.

3.4.5 If a Plan Claim is disputed as set out in this Clause 3.4 and is not agreed within twenty one (21) days of the Final Claims Submission Date (or such longer period as the Company and the relevant Plan Creditor agree), the Company shall without delay refer such Plan Claim to the Scheme Adjudicator for resolution in accordance with the provisions of Clause 3.5 for resolving Disputed Plan Claims. The Company shall send a notice by Post to the relevant Plan Creditor informing the Plan Creditor that his Plan Claim has become a Disputed Plan Claim and that the dispute regarding such Plan Claim will be determined by the Plan Adjudicator.

3.5 **Adjudication of Disputed Plan Claims**

3.5.1 When referring a Plan Claim which is disputed (a “Disputed Plan Claim”) to the Plan Adjudicator in accordance with Clause 3.4.5, the Company shall provide the Plan Adjudicator and the relevant Plan Creditor with a copy of the Final Claim Form and its attached documentation relating to the Disputed Plan Claim together with a copy of any notice, statement or correspondence sent or received by the Company in connection with such Disputed Plan Claim. The Plan Adjudicator shall have access the Company’s records and information to the extent that the Plan Adjudicator considers it necessary in order to resolve the relevant dispute.

3.5.2 The Plan Adjudicator shall consider the papers and documents before him in relation to any Disputed Plan Claim and shall, within fourteen (14) days following receipt of the records and information referred to in Clause 3.5.1 herein notify the Plan Creditor with a Disputed Plan Claim (“Disputed Plan Creditor”) and the Company if he requires:

- (i) further documents, data or information from the relevant Disputed Plan Creditor or the Company in which case the relevant person or persons shall within seven (7) days after receipt of such notice, provide the Plan Adjudicator with the required documents, data or information; and/or
- (ii) the relevant Disputed Plan Creditor (or his duly authorised representative) and/or a representative of the Company, to attend a meeting or telephone conference with the Plan Adjudicator on any matters which he determines to be relevant and at such place, date or time as he shall stipulate. The Plan Adjudicator shall be entitled to prescribe and lay down such procedures or provisions or deadlines for such purposes as he, in his absolute discretion, deems appropriate and shall be entitled to call upon such evidence, documents, data and information as he may require to assist him in reaching his decision.

- 3.5.3 The Plan Adjudicator shall be entitled to consult with such advisors, including legal advisors, actuaries and /or experts as he may deem appropriate in the consideration of the Disputed Plan Claim.
- 3.5.4 If the relevant Disputed Plan Creditor or the Company fail to comply with the requests of the Plan Adjudicator to produce information or attend a meeting or telephone conference as set out in Clause 3.5.2 above, the Plan Adjudicator shall make such determination as he deems appropriate in relation to the relevant Disputed Plan Claim on the basis of the information that he has available to him.
- 3.5.5 The Plan Adjudicator is required to make a finding that the Disputed Plan Claim is valued in the amount set out in the Final Claim Form if the only dispute raised by the relevant Disputed Plan Creditor relates to a dispute as to the Plan Value Basis.
- 3.5.6 In adjudicating any Disputed Plan Claim, the Plan Adjudicator, to the extent permitted by law, shall act as an expert and not as an arbitrator.
- 3.5.7 The Plan Adjudicator shall notify the Company and the relevant Plan Creditor of his decision in writing, by Post, not more than twenty eight (28) days from the date on which the Disputed Plan Claim was referred to him. Any such determination shall be final and binding on the Company and the Disputed Plan Creditor and shall not be subject to any appeal or give rise to any claim against the Plan Adjudicator, save in respect of his wilful breach of duty or trust, fraud or dishonesty.
- 3.5.8 The costs, charges and expenses of the Plan Adjudicator, including the expenses of any advisors consulted by him in accordance with the provisions of Clause 5.2.2, shall be paid by the Company.

Part 4: Payments to Plan Creditors

4.1 Payment of Distributions

- 4.1.1 A first Distribution will be paid to all Plan Creditors with Established Plan Claims as soon as reasonably practicable following the date upon which all Plan Claims have been finally resolved by way of agreement or under the Plan Adjudication procedure.
- 4.1.2 Tendering by the Company of a Distribution to a Plan Creditor will be in full and final settlement of that Plan Creditor's pro rata entitlement to that Distribution. Where the Distribution is the final Distribution payable under the terms of the Plan, tendering by the Company of that Distribution will be in full and final settlement of any and all claims a Plan Creditor may have against the Company, save that such full and final settlement will not affect any Plan Creditor's right to receive ARP Payments should such payment be forthcoming after the final Distribution. Any ARP payments becoming due after the final Distribution under the Plan is paid, in whole or in part, may be payable to the Company.
- 4.1.3 In the event that there are a significant number of Disputed Plan Claims and the resolution of such Disputed Plan Claims will delay the Distribution by any period which the Judicial Manager deems to be unacceptable, the Company reserves the right to make the Distribution to those Plan Creditors with Established Plan Claims, the calculation of such Distribution having been determined by the Company after taking into account the likely aggregate value of the Disputed Plan Claims. Plan Creditors with Disputed Plan Claims will receive their pro rata share in the relevant Distribution at such time as their Disputed Plan Claims have become Established Plan Claims.
- 4.1.4 For the avoidance of doubt, upon the Effective Date, Plan Creditors are precluded from taking any action to make claims or take part in the liquidation or any other judicial or non-judicial proceeding relating to the Company in any jurisdiction. The Plan and the Distributions under the Plan represent the sole recourse any Plan Creditor has against the Company to obtain payment of their Plan Claims. Upon the making of the final Distribution each Plan Creditor is deemed to have provided the Company with a full and final release of any and all claims such Plan Creditor may have or have had against the Company.

4.2 Currency of Distribution

4.2.1 All Distributions shall be paid in the currency of the Insurance Contract giving rise to the Plan Claim. If no currency is specified in the contract, payment will be made in EC\$.

4.3 Method of Distribution

4.3.1 Distributions to Plan Creditors under the Plan shall be made as follows:

- (i) by cheque sent by Post, in respect of which payment will be deemed to have been made on the date such cheque is placed in the Post; or
- (ii) if requested to do so in writing by a Plan Creditor, by way of telegraphic transfer to the bank account specified by the Plan Creditor and at the Plan Creditor's expense, in respect of which payment will be deemed to have been made on the date of the telegraphic transfer; or
- (iii) where the amount of any Distribution is below EC\$20 (applying the relevant conversion rate) a Plan Creditor may request the Company to exchange the cheque for cash by contacting the Company branch which issued the cheque. Any Plan Creditor wishing to exchange their cheque for cash shall be required to provide the cheque and photographic identification and to sign a release form provided by the Company.

4.3.2 Payment to Plan Creditors under any one of the methods set out in Clause 4.3.1 (i)-(iii) will constitute a full discharge of the Company's obligation to Plan Creditors in respect of that Distribution. Notwithstanding the foregoing, if a Plan Creditor does not present his cheque for payment within six months from the date the cheque was despatched to him, including not exchanging it for cash, the funds represented by that cheque will be retained by the Company and added to the next Distribution for that Plan Creditor, and the uncashed cheque will be cancelled; or

4.3.3 In the case of the final Distribution, after the expiration of six (6) months from the final Distribution, any funds represented by an un-presented cheque or uncollected cash payments, shall be transferred into a Trust Account. The Trust Account will remain open for two (2) years from the date of deposit of such funds for the benefit of those Plan Creditors whose uncollected Distribution(s) are paid into the Trust Account. Plan Creditors who have not presented their cheques for payment after the six (6) months should contact the Judicial Manager for information on how to obtain their Distribution(s) from the Trust Account.

4.3.4 At the end of 2 years, the funds remaining in the Trust Account shall be returned to the Company and shall be the property of the Company and no longer available to Plan Creditors.

Part 5: The Plan Adjudicator

5.1 Qualification, appointment, resignation and removal

5.1.1 There shall be one Plan Adjudicator who shall be an individual who is duly qualified in the reasonable opinion of the Company to discharge the function of the Plan Adjudicator under the Plan. The Plan Adjudicator shall be Mr Chester Hinkson. A copy of the curriculum vitae of Mr Hinkson is at Appendix 5.4 of the Explanatory Statement.

5.1.2 The office of the Plan Adjudicator shall be vacated if the appointee to that office shall:

- (i) die, become bankrupt or mentally disordered;
- (ii) be convicted of an indictable offence;
- (iii) resign his office by giving 30 days' notice in writing to the Company, or such shorter period of notice as may be agreed by the Company; or
- (iv) be removed for good cause by the Company.

In each case, the Company shall forthwith appoint a person who is qualified to act pursuant to Clause 5.1.1 and not disqualified to act pursuant to this Clause 5.1.2 as Plan Adjudicator. Notice of the appointment of a replacement Plan Adjudicator will be placed on the Plan Website.

5.2 Powers, rights duties and functions

5.2.1 The Plan Adjudicator shall be responsible for the adjudication and determination of Disputed Plan Claims and shall have the powers, rights, duties and functions conferred upon him by the Plan for such purposes.

5.2.2 The Company shall pay such remuneration to the Plan Adjudicator for the exercise and performance of his powers, right duties and functions under the Plan as may be agreed between the Plan Adjudicator and the Company, together with the costs and expenses of any professional advisors retained by the Plan Adjudicator to assist in his adjudication of any Disputed Plan Claim. The Company shall pay all such amounts in full out of the Available Assets of the Company.

5.3 Responsibility and indemnity

5.3.1 No Plan Creditor shall be entitled to challenge the validity of any act done or permitted to be done in good faith and with due care by the Plan Adjudicator pursuant to the provisions of the Plan or in the exercise or performance of any power, right, duty or function conferred upon him under the Plan and the Plan Adjudicator shall not be liable for any loss unless any such loss is attributable to his own negligence, wilful default, wilful breach of duty or trust, fraud or dishonesty.

5.3.2 Subject to the Plan Act, the Plan Adjudicator shall be entitled to an indemnity out of the Available Assets of the Company against:

- (i) all actions, claims, Proceedings and demands brought or made against him in respect of any act done or omitted to be done by him in his capacity as a Plan Adjudicator in good faith and without negligence, wilful default, wilful breach of duty or trust, fraud or dishonesty on his part in the course of exercising or performing his powers, rights, duties or functions under the Plan; and
- (ii) all costs, charges, expenses and liabilities properly incurred by him in the course of exercising or performing his powers, rights, duties or functions under the Plan.

5.3.3 Without prejudice to the generality of Clause 5.3.2, the Plan Adjudicator shall be entitled to an indemnity out of the Available Assets of the Company:

- (i) against any liability incurred by him in defending any Proceedings, whether civil or criminal, in respect of any negligence, wilful default, wilful breach of duty or trust, fraud or dishonesty on his part in relation to any act done or omitted to be done by him in his capacity as Plan Adjudicator in which judgment is given in his favour or in which he is acquitted; or
- (ii) 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 any act done or omitted to be done by him in his capacity as Plan Adjudicator

5.3.4 The Company may:

- (iii) (insofar as it is practicable) purchase and maintain for the Plan Adjudicator insurance against any liability in respect of which the Company would be obliged to indemnify him in accordance with this Clause 5; or
- (iv) pay costs and expenses incurred by the Plan Adjudicator in defending Proceedings of the nature described in Clause 5.3.3, provided that the Company obtains from the Plan Adjudicator an undertaking to reimburse the Company (with interest) for any amount which would not, in the event, have been payable by the Company under Clause 5.3.3.

Part 6: The Judicial Manager and EC Officeholders

No Plan Creditor shall be entitled to challenge the validity of any act done or omitted to be done in good faith with due care by the Judicial Manager, the EC Officeholders and their respective employees, agents and advisors in accordance with, and in the implementation of the provisions of the Plan, or in the performance or exercise of any power, right, duty or function conferred upon him or her under the Plan.

Part 7: Extension of Time Limits

The Judicial Manager may extend any time period referred to in the Plan other than the Final Claims Submission Date. Any such extension shall be notified to Plan Creditors by posting details of the extension on the Plan Website.

Part 8: Termination of the Plan

Not less than twenty-one (21) days after the transfer to the Trust Account of the remaining funds representing the uncashed cheques and uncollected cash payments, the Company shall place a notice on the Plan Website and in a selection of the Publications confirming that the Plan has been implemented in accordance with its terms and is therefore terminated. That notice shall provide information to Plan Creditors who have not presented their cheques on how they can obtain their Distribution(s)

Part 9: General Plan Provisions

9.1 Modifications to the Plan

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

9.2 Notices

9.2.1 Any notice or other written communication to be given under, or in relation to, the Plan shall be given in writing and shall be deemed to have been duly served if it is delivered by hand or sent by Post to:

- (i) in the case of the Company, to the Judicial Manager, or to any EC Officeholder in the EC Territory in which the Plan Creditor resides at one of the addresses appearing in Appendix 5.5 of the Explanatory Statement
- (ii) in the case of the Plan Adjudicator, to Chester Hinkson c/o the Judicial Manager at the address appearing in Appendix 5.5 of the Explanatory Statement or via email to baicomail@kpmg.com.bs ; and
- (iii) in the case of a Plan Creditor, his last address known to the Company or the Judicial Manager and/or EC Officeholders.

9.2.2 Any notice or other written communication to be given under the Plan shall be deemed to have been served:

- (i) if delivered by hand or by email or by fax, on same day such delivery or transmission of the e-mail or fax was made; and
- (ii) if sent by Post, on the fourth (4th) day after posting if the postal address of the recipient is in the country of dispatch and otherwise on the seventh (7th) day after posting.

9.2.3 In proving service, it shall be sufficient proof in the case of a notice sent by:

- (i) Post: as set out above in 9.2.2;

- (ii) fax: a confirmation generated by the transmitting fax machine that the fax has been successfully transmitted; and
- (iii) e-mail: a confirmation in the sent box of the sender that the e-mail has been successfully sent.

9.2.4 For the purposes of this Part 9, the accidental omission to send any notice, written communication or other document in accordance with this Clause or the non-receipt of any such notice by a Plan Creditor shall not affect the provisions of this Part 9.

9.3 Governing law and jurisdiction

The Plan shall be governed by, and construed in accordance with, the laws of The Bahamas, and the Plan Creditors hereby agree that the Court shall be exclusive jurisdiction to hear and determine any suit, action or Proceeding and to settle any dispute which may arise out of the Explanatory Statement or any provision of this Plan, or out of any action taken or omitted to be taken under the Plan or in connection with the administration of the Plan, and for such purposes the Plan Creditors irrevocably submit to the jurisdiction of the Court. Provided, however, that nothing in this Clause 9.3 shall affect the validity of any other provision determining governing law and jurisdiction as between the Company and any of its Plan Creditors whether contained in any contract or otherwise.