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THE WFUM POOLS SCHEME

A PROPOSAL IN RELATION TO SCHEMES OF ARRANGEMENT PURSUANT TO SECTION 425 OF THE COMPANIES ACT 1985

CONCERNING BUSINESS UNDERWRITTEN AND/OR ADMINISTERED BY WILLIS FABER (UNDERWRITING MANAGEMENT) LIMITED ("WFUM"), DEVONPORT UNDERWRITING AGENCY LIMITED ("DUAL") AND WILLIS FABER & DUMAS LIMITED ("WF&D") ON BEHALF OF THE SCHEME COMPANIES REFERRED TO BELOW, TOGETHER WITH OTHER LIABILITIES OF SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED AND ITS SUBSIDIARIES AS DEFINED IN APPENDIX A TO THE SCHEME AT PAGES 275 TO 279 AND DESCRIBED IN THE EXPLANATORY STATEMENT AT PAGES 62 TO 69

BETWEEN

**SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED
(by way of amendment to an existing scheme of arrangement dated 15 October 1999)**

ALLIANZ CORNHILL INSURANCE PLC	OSLO REINSURANCE COMPANY (UK) LIMITED
ALLIANZ GLOBAL CORPORATE & SPECIALTY (FRANCE)	SOVEREIGN INSURANCE (UK) LIMITED
ATLANTIC MUTUAL INSURANCE COMPANY	SPHERE DRAKE INSURANCE LIMITED
CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED	THE OCEAN MARINE INSURANCE COMPANY LIMITED
GREYFRIARS INSURANCE COMPANY LIMITED	THE SEA INSURANCE COMPANY LIMITED
HEDDINGTON INSURANCE (U.K.) LIMITED	TOKIO MARINE EUROPE INSURANCE LIMITED
HIBERNIAN GENERAL INSURANCE LIMITED	WAUSAU INSURANCE COMPANY (U.K.) LIMITED
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED	

**AND THEIR RESPECTIVE
SCHEME CREDITORS
(AS DEFINED IN THE SCHEME)**

A LIST OF THE SCHEME COMPANIES' FORMER NAMES AS USED ON THE WFUM, DUAL AND WF&D UNDERWRITING STAMPS APPEARS ON PAGE (i)

TABLE OF CONTENTS

	PAGE
SCHEME COMPANIES' PRESENT AND FORMER NAMES	i
IMPORTANT NOTICE TO SCHEME CREDITORS	ii
CONTACT INFORMATION	iii
PART I: EXPLANATORY STATEMENT	1
SCHEDULES TO EXPLANATORY STATEMENT	60
PART II: THE SCHEME	120
APPENDICES TO THE SCHEME	275

SCHEME COMPANIES' PRESENT AND FORMER NAMES

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (formerly Lombard Marine & General Insurance Company Limited; Lombard Insurance Company Limited; The British and Irish Insurance Co., Limited and The British and Irish Plate Glass Insurance Company Limited)

The general insurance business of Bimeh Iran Insurance Company (U.K.) Limited ("**Bimeh**") written by WFUM and Lennox Underwriting Agencies Limited in relation to the underwriting years 1976 to 1981 was transferred to Sovereign Marine & General Insurance Company Limited on 22 March 1984 pursuant to section 51 of the Insurance Companies Act 1982. Bimeh's creditors in respect of business written after it recommenced underwriting in November 1986 are not affected by this transfer or this proposed Scheme

ALLIANZ CORNHILL INSURANCE PLC (formerly Cornhill Insurance Public Limited Company; Cornhill Insurance Company, Limited and The Cornhill Insurance Company, Limited; and incorporating business written by Allianz Cornhill International Insurance plc (formerly Allianz International Insurance Company Limited))

ALLIANZ GLOBAL CORPORATE & SPECIALTY (FRANCE) (formerly Allianz Marine & Aviation (France), AGF Marine Aviation Transport and Compagnie d'Assurances Maritimes Aeriennes et Terrestres (CAMAT))

ATLANTIC MUTUAL INSURANCE COMPANY

CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED (amalgamated with East River Insurance Company (Bermuda) Ltd.; in respect of business written by HSBC Insurance (International) Limited (formerly Lombard Insurance Company Limited))

GREYFRIARS INSURANCE COMPANY LIMITED (formerly GTE Insurance Company Limited)

HEDDINGTON INSURANCE (U.K.) LIMITED

HIBERNIAN GENERAL INSURANCE LIMITED (formerly Hibernian Insurance Company Limited; Hibernian Insurance Public Limited Company; Hibernian Insurance Company Limited and Hibernian Fire and General Insurance Company Limited)

mitsui sumitomo insurance company (EUROPE), LIMITED (formerly Mitsui Marine and Fire Insurance Co., (Europe) Ltd.; Taisho Marine & Fire Insurance Company (Europe) Limited and Taisho Marine & Fire Insurance Company (U.K.) Limited incorporating business written by the UK branch of Mitsui Marine and Fire Insurance Co., Ltd.)

OSLO REINSURANCE COMPANY (UK) LIMITED (formerly UNI Storebrand Insurance Company (UK) Limited and Storebrand Insurance Company (U.K.) Limited)

SOVEREIGN INSURANCE (UK) LIMITED (formerly Devonport Insurance Company Limited)

SPHERE DRAKE INSURANCE LIMITED (formerly Odyssey Re (London) Limited; Sphere Drake Insurance Public Limited Company; Sphere Insurance plc and Sphere Insurance Company Limited incorporating business written by The Drake Insurance Company Limited)

THE OCEAN MARINE INSURANCE COMPANY LIMITED (in respect of business written by Commercial Union Assurance Company Limited (formerly The Merchants Marine Insurance Company Limited); The British & European Reinsurance Company Limited (formerly The British & European Insurance Company Limited); Ulster Marine Insurance Company Limited and Yorkshire Insurance Company Limited)

THE SEA INSURANCE COMPANY LIMITED (formerly Sea Insurance Company Limited)

TOKIO MARINE EUROPE INSURANCE LIMITED (formerly The Tokio Marine & Fire Insurance Company (U.K.) Limited incorporating business written by the UK branch of The Tokio Marine and Fire Insurance Company Limited and the UK branch of The Tokio Reinsurance Company Limited)

WAUSAU INSURANCE COMPANY (U.K.) LIMITED

IMPORTANT NOTICE TO SCHEME CREDITORS

This document has been prepared in connection with proposed schemes of arrangement (the "**Scheme**") pursuant to section 425 of the Companies Act 1985 between each of the Scheme Companies and their respective Scheme Creditors (as defined in the Scheme). In doing so the Scheme Companies relied upon information obtained from their records as maintained by PRO Insurance Solutions Limited, the proposed Scheme Manager.

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 Scheme Companies were aware at that time.

Nothing in this document shall constitute any admission of fact or liability on the part of any of the Scheme Companies or any other person with respect to any asset to which it may be entitled or any claim against it. No estimate of the amount of any claim against a Scheme Company provided to it or taken into account for the purposes of voting on the Scheme shall be binding on the Scheme Companies or any other party for the purposes of the Scheme or for any other purpose.

None of the Scheme Companies has authorised any person to make any representations concerning the Scheme which are inconsistent with the statements contained herein and if any such representations are made they may not be relied upon as having been so authorised.

The summary of the principal provisions of the Scheme and related matters contained in Part I of this document is qualified in its entirety by reference to the Scheme in Part II of this document. Scheme Creditors should read and consider carefully the full text of the Scheme. Unless otherwise indicated, capitalised terms defined in the Scheme have the same meaning throughout this document.

None of the contents of this document are intended to constitute legal, tax, financial or other professional advice given to Scheme Creditors. Scheme Creditors should take advice from their own professional advisers before taking any action in connection with the Scheme.

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PART I - EXPLANATORY STATEMENT

(in compliance with Section 426 of the Companies Act 1985)
in relation to
SCHEMES OF ARRANGEMENT
(pursuant to Section 425 of the Companies Act 1985)
(together the "Scheme")

THE WFUM POOLS SCHEME

A PROPOSAL IN RELATION TO SCHEMES OF ARRANGEMENT PURSUANT TO SECTION 425 OF THE COMPANIES ACT 1985

**CONCERNING BUSINESS UNDERWRITTEN AND/OR ADMINISTERED BY WILLIS
FABER (UNDERWRITING MANAGEMENT) LIMITED ("WFUM"), DEVONPORT
UNDERWRITING AGENCY LIMITED ("DUAL") AND WILLIS FABER & DUMAS
LIMITED ("WF&D") ON BEHALF OF THE SCHEME COMPANIES REFERRED TO
BELOW, TOGETHER WITH OTHER LIABILITIES OF SOVEREIGN MARINE &
GENERAL INSURANCE COMPANY LIMITED AND ITS SUBSIDIARIES AS DEFINED IN
APPENDIX A TO THE SCHEME AT PAGES 275 TO 279**

BETWEEN

**SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED
(by way of amendment to an existing scheme of arrangement dated 15 October 1999)**

ALLIANZ CORNHILL INSURANCE PLC	OSLO REINSURANCE COMPANY (UK) LIMITED
ALLIANZ GLOBAL CORPORATE & SPECIALTY (FRANCE)	SOVEREIGN INSURANCE (UK) LIMITED
ATLANTIC MUTUAL INSURANCE COMPANY	SPHERE DRAKE INSURANCE LIMITED
CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED	THE OCEAN MARINE INSURANCE COMPANY LIMITED
GREYFRIARS INSURANCE COMPANY LIMITED	THE SEA INSURANCE COMPANY LIMITED
HEDDINGTON INSURANCE (U.K.) LIMITED	TOKIO MARINE EUROPE INSURANCE LIMITED
HIBERNIAN GENERAL INSURANCE LIMITED	WAUSAU INSURANCE COMPANY (U.K.) LIMITED
mitsui sumitomo insurance company (EUROPE), LIMITED	

**AND THEIR RESPECTIVE
SCHEME CREDITORS
(AS DEFINED IN THE SCHEME)**

**A LIST OF THE SCHEME COMPANIES' FORMER NAMES AS USED ON THE WFUM,
DUAL AND WF&D UNDERWRITING STAMPS APPEARS ON PAGE (i)**

Important note: This explanatory statement is a guide to, and contains summaries of, some key provisions of the Scheme including the actuarial Estimation Methodology which may be used to value Scheme Claims. Anyone seeking to understand the full impact of the Scheme and the actuarial Estimation Methodology should read the Scheme in its entirety. Capitalised words or phrases not defined in the Explanatory Statement have the same meanings as their definitions in the Scheme.

KEY DATES

31 December 2005	Ascertainment Date - the date as at which Scheme Claims will be valued.
20 October 2006	Voting Registration and Proxy Form to be returned.
27 October 2006	Meetings of the Scheme Creditors to vote on the Scheme.
*Mid January 2007	Court hearing in London of petition to sanction the Scheme.
*Late January 2007	Section 304 and Chapter 15 hearings in New York.
*By the end of February 2007	Effective Date of the Scheme.
*End of August 2007	Bar Date, the date by which Scheme Claims must be submitted.

* The date of the UK Court hearing of the petition to sanction the Scheme, the date of the hearings under section 304 and Chapter 15 of the Bankruptcy Code in New York, the Effective Date of the Scheme and the Bar Date are only estimates of future dates and, accordingly, may be subject to change. The Scheme Companies will bring the exact dates to the attention of Scheme Creditors by advertising, posting them on the Website and sending notification to known addresses or by E-mail where a Scheme Creditor has provided an E-mail address.

SCHEME WEBSITE: www.wfumpools.com

Scheme Creditors who have not already done so are urged to contact PRO Insurance Solutions Limited ("**PRO**"), the proposed Scheme Manager (contact details below and at page iii) for a Website Password and username to enable them to access their secure part of the Website containing individual contract details, including Unpaid Agreed Claims, which Scheme Creditors may amend, and other useful information.

E-mail: pro_wfumpools@pro-ltd.co.uk
PRO helpline: Tel: +44 (0)1452 523 426

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CONTENTS

1.	INTRODUCTION TO THE EXPLANATORY STATEMENT	4
2.	LETTER FROM SOVEREIGN'S SCHEME ADMINISTRATORS	7
3.	LETTER FROM PRO - THE PROPOSED SCHEME MANAGER.....	11
4.	AN OVERVIEW OF THE WFUM POOLS SCHEME PROPOSAL	14
5.	HOW DOES THE SCHEME WORK? - A DETAILED EXPLANATION.....	21
6.	PROVISIONS RELATING SOLELY TO SOVEREIGN.....	38
7.	HOW WILL THE ESTIMATION METHODOLOGY WORK?.....	46
8.	OTHER QUESTIONS AND ANSWERS	51
SCHEDULE I	History of the WFUM Pools and description of the business to be included in the Scheme.....	60
SCHEDULE II	Specimen Voting and Proxy Form and Guidance Notes.....	70
SCHEDULE III	Members of Sovereign's Creditors' Committee	101
SCHEDULE IV	Statement of Scheme Companies' Directors' Material Interests	102
SCHEDULE V	Explanation of Relief under Section 304 and Chapter 15 of the United States Bankruptcy Code ("Code").....	103
SCHEDULE VI	Documents Available for Inspection.....	110
SCHEDULE VII	FSCS Memorandum Summary of the Policyholders Protection Act 1975 and the FSCS.....	111
SCHEDULE VIII	Letter from Actuarial Adjudicator	118

1. INTRODUCTION TO THE EXPLANATORY STATEMENT

1.1 What is this proposal about?

The Scheme Companies listed at the front of this document each underwrote insurance and reinsurance business in pooling arrangements through WFUM and/or DUAL and/or WF&D (together referred to as the "**WFUM Pools**") all of which were formerly administered by WFUM. For clarification, the business through WF&D is restricted to that where WF&D was acting as an underwriting agent and the business has been subsequently administered by WFUM and PRO. The WFUM Pools underwrote risks until the end of 1991 when they ceased accepting new business and went into run-off. In 1998 the administration of the WFUM Pools was transferred to PRO.

In 1997 Sovereign Marine & General Insurance Company Limited ("**Sovereign**"), the Scheme Company with by far the largest individual (approximately 50%) share of the WFUM Pools' estimated remaining liabilities, became insolvent. Sovereign is already in a scheme of arrangement that became effective in January 2000 (the "**Original Sovereign Scheme**") which allows it to continue to run off its liabilities and pay creditors a percentage of "Established Scheme Liabilities". The current Payment Percentage under the Original Sovereign Scheme is 40%.

The Scheme Administrators of Sovereign, supported by the current Creditors' Committee, are now of the view that it is no longer cost-effective and not in the best interests of its creditors to continue the run-off under the Original Sovereign Scheme and wish to amend it such that it becomes a closing scheme to bring finality to the run-off. A letter from Sovereign's Scheme Administrators setting out Sovereign's position is at pages 7 - 10.

The WFUM Pools are complicated and, in the interests of policyholders, reinsurers and the Scheme Companies, the run-off has to date been conducted on a unified basis. With Sovereign now wishing to close its run-off, the solvent Scheme Companies have also decided to promote their own schemes in relation to their WFUM Pools business so as to bring finality to the WFUM Pools in a unified manner. A letter from PRO (the Scheme Companies' run-off manager and the proposed Scheme Manager) on behalf of the Scheme Companies is at pages 11 - 13.

1.2 How does the Scheme work?

The Scheme Companies have sought to propose as fair and transparent a scheme as possible. To that end they have taken advice from professional advisers with significant experience of schemes and taken soundings from many creditors including those in the UK and the US. The Scheme Companies have also discussed the Scheme with the Financial Services

Authority ("**FSA**") which is the UK Regulator and informed French, US and Bermudian Regulators. Copies of the Scheme and Explanatory Statement have been provided to the FSA and it has confirmed it has no objection to the Scheme being proposed.

The Scheme requires Scheme Creditors to submit their claims (including future and contingent claims) by the Bar Date, 180 days after the Scheme becomes effective. This is done using Claim Forms on a secure area of the Website (also available on paper, E mail and CD ROM) that will already contain information which the Scheme Manager has about Scheme Creditors' contracts and Unpaid Agreed Claims. As long as Claim Forms have been received by the Bar Date which marks the end of the period for claims submission, the Scheme Manager will review them and, depending on how close a claim is to the anticipated value, either accept it, or try and reach a mutually agreed value with the Scheme Creditor. A further 182 days from the Bar Date is set aside for this agreement process, allowing the Scheme Manager to ask for further information and evidence to support claims, and to engage in discussions with Scheme Creditors.

If agreement cannot be reached, then the Scheme Manager will pass the elements that are not agreed to one of two dispute resolving mechanisms: binding adjudication or actuarial estimation. Adjudication would be before a single adjudicator as agreed between the Scheme Manager and Scheme Creditor or, if one cannot be agreed, an adjudicator appointed by the AIDA Reinsurance and Insurance Arbitration Society ("**ARIAS UK**"). The Adjudication process is intended to resolve disputes about law or facts. If the disagreement is about estimated values, the Scheme Actuary will apply the Estimation Methodology to them. If a Scheme Creditor considers that this methodology has not been applied correctly, it can appeal to the Actuarial Adjudicator. If it seems to the Scheme Actuary to be more appropriate than the one in the Estimation Methodology itself, the Estimation Methodology requires the Scheme Actuary to adopt all or parts of a Scheme Creditor's own method of projecting claims.

Once inwards claims values have been agreed or established, they will be applied to the WFUM Pools reinsurance programme to generate outwards claims values that will be set-off where a Scheme Creditor is also a reinsurer. This process is open to appeal in relation to the application of inwards balances to the reinsurance programme, but not to a further review of the inwards values themselves. The result of these processes will be a Valuation Statement, an account setting out what is due to or from a Scheme Creditor. Payment of sums due to Scheme Creditors after set-off will be made in full (subject to a time value discount at the date of the Valuation Statement) by the Scheme Companies, other than Sovereign, within 42 days of each Valuation Statement becoming binding. Sovereign will pay a dividend on these Valuation Statements (if they show a balance due to the Scheme Creditor) within 105 days. Further dividends will follow any increases in Sovereign's Payment Percentage.

In the case of Sovereign, the Scheme provides for the continuing administration and settlement of claims which may be eligible for compensation under the Policyholders Protection Act 1975 payable by the Financial Services Compensation Scheme Limited ("FSCS"). Scheme Creditors of Sovereign who consider they are or may be Protected Policyholders and entitled to receive compensation from the FSCS should pay particular attention to Section 6.2 and Schedule VII below.

The main provisions of the Scheme for establishing values of other Scheme Claims apply equally to Sovereign and the solvent Scheme Companies.

Some questions and answers about the Scheme can be found at Section 8.

1.3 What should you do now?

Scheme Creditors should read and consider the Scheme and Explanatory Statement and decide whether they wish to vote on the Scheme. Details of how to vote are set out in the letter from PRO accompanying this document.

To assist Scheme Creditors in identifying business included in the Scheme, Scheme Creditors can access details of their contracts held on PRO's systems, including Unpaid Agreed Claims, through their secure part of the Website at www.wfumpools.com, which also contains other useful information on the Scheme. If they have not already done so, Scheme Creditors are urged to contact PRO (see contact details on page iii) for a Website Password and username to enable them to access their secure part of the Website and amend or add details of their Scheme Claims.

If you are in any doubt as to the action you should take, you should consult your professional adviser without delay.

2. LETTER FROM SOVEREIGN'S SCHEME ADMINISTRATORS

TO: THE SCHEME CREDITORS OF SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED ("SOVEREIGN")

Background to Sovereign

A brief history of Sovereign is set out at pages 60 to 62. On 11 July 1997, the High Court of Justice of England and Wales appointed provisional liquidators over Sovereign to secure and protect Sovereign's assets.

The provisional liquidators subsequently developed a run-off plan for Sovereign including the implementation of a "reserving" or "run-off" scheme of arrangement under which Sovereign continued in run-off and made payments to creditors pro rata on their agreed claims known as "**Established Scheme Liabilities**" based on the available assets.

That scheme, the Original Sovereign Scheme, became effective in January 2000. Anthony James McMahon and John Mitchell Wardrop, both UK licensed insolvency practitioners and partners in the UK firm of KPMG LLP, are the Scheme Administrators of the Original Sovereign Scheme. The current Payment Percentage under the Original Sovereign Scheme is 40%.

Why is Sovereign proposing this Scheme?

Since Sovereign became insolvent in 1997, good progress has been made in the realisation of its assets. Assets totalling approximately \$247 million have been collected or secured which represents approximately 80% of Sovereign's estimated total gross realisable assets of \$306 million. A substantial proportion of Sovereign's remaining realisable assets represent its investments in its subsidiaries, Sovereign Insurance (UK) Limited ("**Sovereign UK**") and Greyfriars Insurance Company Limited ("**Greyfriars**"). The residual value of these investments will be realised following implementation of the Scheme. The bulk of the remaining assets are reinsurance claims which the Scheme Administrators will pursue under the Scheme through the application of set-off. The Scheme Administrators are of the view that the likely costs of collecting Sovereign's remaining assets in the case of continued run-off under the Original Sovereign Scheme would outweigh the recoveries.

The Scheme Administrators are therefore of the view that it is not cost-effective, or in the best interests of creditors, to continue with the Original Sovereign Scheme in its present form. The Scheme Administrators are now proposing a "closing" scheme by way of amendment to the Original Sovereign Scheme, which will have the effect of estimating and crystallizing all of Sovereign's contingent liabilities apart from the Protected Scheme Claims of Sovereign's

Protected Policyholders, which claims will continue to be dealt with in much the same way as under the Original Sovereign Scheme and which will, subject to eligibility, still be entitled to receive payment from the Financial Services Compensation Scheme Limited whenever they become payable. The Scheme Administrators believe that this will create significant benefits to creditors including the following:

- the establishment of Sovereign's remaining liabilities will be accelerated;
- Sovereign has substantial reinsurance placed with many other Scheme Companies. Agreement has been reached with those Scheme Companies to crystallise and pay these balances as part of the overall WFUM Pools closure mechanism. It will therefore be possible to collect this more quickly and effectively under the Scheme than otherwise;
- ultimate distributions to Scheme Creditors can be declared and paid much earlier than in a continuing run-off;
- uncertainty of claim valuation and final payment will be reduced; and
- there are likely to be significant net savings in administrative expenses.

Furthermore, the Scheme Administrators estimate that if this amending Scheme is implemented, it will result in a higher ultimate payment percentage for Sovereign's Scheme Creditors than if the Original Sovereign Scheme were not amended and Sovereign's liabilities are run-off in the normal course.

The Scheme Administrators have a duty to close the Sovereign estate and distribute its assets to creditors at a time when the ultimate Payment Percentage is expected to be maximised. Sovereign's assets include the value embedded in its two solvent subsidiaries, Sovereign UK and Greyfriars, both of which also participated with Sovereign in the WFUM Pools. The majority of Sovereign's and its subsidiaries' liabilities (approximately 95%) arise from participation in the WFUM Pools. Sovereign and its subsidiaries account for approximately 50% of the WFUM Pools liabilities. It would be more costly and difficult to close Sovereign and its subsidiaries without the other Scheme Companies also closing their involvement in the WFUM Pools at the same time.

For the reasons set out in the letter from PRO at pages 11 to 13, the other Scheme Companies - as participants in the WFUM Pools - would also like to finalise their liabilities arising from the WFUM Pools. With this in mind, for the past three years, Sovereign and the other Scheme Companies have been working together towards the common objective of bringing finality to their liabilities arising from the WFUM Pools. The Scheme Administrators are firmly of the view that for Sovereign's creditors the most efficient and beneficial way of closing Sovereign is to finalise the liabilities of the WFUM Pools in a unified manner. In the event that Sovereign's Scheme was approved by the requisite majorities of Scheme Creditors and one or more of the other Scheme Companies' Schemes were not, or if the Scheme were to be sanctioned by the Court in respect of Sovereign but not in respect of one or more of the other Scheme Companies, the Scheme Administrators would only continue to seek to make the Sovereign Scheme effective if, having taken into account the position of the other Scheme Companies, they were of the opinion that to do so were in the best interests of Sovereign's Scheme Creditors.

In the event that the Sovereign Scheme was sanctioned and made effective, but the Schemes in respect of Sovereign's two subsidiaries were not approved and sanctioned, the likelihood is that absent an acceptable offer for the subsidiaries, steps would be taken to place them into liquidation.

Possible advantages and disadvantages of the Scheme to Scheme Creditors are listed and explained at Sections 4.5 and 4.6 of this Explanatory Statement.

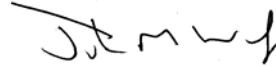
Conclusion

If implemented, the proposed Scheme will amend the Original Sovereign Scheme and have the effect of concluding the run-off of Sovereign, its subsidiaries and the other Scheme Companies' involvement in the WFUM Pools much sooner than would otherwise be the case. The Scheme Administrators believe that the benefits to Sovereign's creditors of the WFUM Pools being closed in a unified way, as is being proposed, outweigh any potential disadvantages. If the Scheme is not implemented for Sovereign, the Original Sovereign Scheme will continue in force without amendment and it is estimated that it might take at least another 20 years to conclude at significant ongoing cost.

The Scheme Administrators, with the support of the current Creditors' Committee (as established under the Original Sovereign Scheme), therefore recommend the proposed Sovereign Scheme and its implementation at the same time as the other Scheme Companies' Schemes. This would give a greater dividend to Sovereign's Scheme Creditors than Sovereign's Scheme being implemented on its own.

Yours faithfully

for Sovereign Marine & General Insurance Company Limited



.....
A J McMahon
Joint Scheme Administrator

.....
J M Wardrop
Joint Scheme Administrator

3. LETTER FROM PRO - THE PROPOSED SCHEME MANAGER

TO: SCHEME CREDITORS OF THE WFUM POOLS

We administer the run-off of the WFUM Pools business on behalf of the Scheme Companies and we are writing this letter on their behalf.

The administration of the WFUM Pools business has for many years been a cohesive and unified process. Given the complex nature of the underwriting and reinsurance arrangements, the Scheme Companies have ensured that, despite the insolvency of Sovereign in 1997, the run-off has remained under a collaborative administration.

In their letter to Scheme Creditors at pages 7 to 10, Sovereign's Scheme Administrators have summarised the reasons why they, with the support of Sovereign's current Creditors' Committee, wish to amend the Original Sovereign Scheme.

Although Scheme Creditors do not have to vote the same way on each Scheme Company's Scheme and the Schemes are not legally linked, in practice the opportunity to finalise all the Scheme Companies' WFUM Pools business simultaneously will offer advantages to Scheme Creditors.

There would be many difficulties for policyholders, reinsurers, and all of the Scheme Companies should the WFUM Pools fragment, including the duplication of effort and increased costs to all parties, and the likely reduction in Sovereign's ultimate dividend. If fragmentation of the WFUM Pools occurred, policyholders would need to make separate claims presentations, and those claims would need to be separately agreed by the fragmented WFUM Pools companies. Collection of the WFUM Pools remaining reinsurance would also need to be separated and would be burdensome and less efficient for reinsurers, brokers and the Scheme Companies. If, however, the WFUM Pools remain unified, claims handling and reinsurance collection can remain cohesive and costs can be minimised and shared between the Scheme Companies. The Scheme Companies have therefore decided to promote a collective scheme to present a unified exit from the WFUM Pools.

The principal benefits to Scheme Creditors of a collective WFUM Pools scheme being implemented include the following:

- acceleration and increase of the dividends to be paid by Sovereign;
- valuation and settlement of Scheme Claims under the Scheme much earlier than would be the case in the normal course of run-off; and

- avoidance of the fragmentation of the WFUM Pools and the associated costs and disruption which would result. Such costs and disruption would affect both the Scheme Companies and Scheme Creditors.

Possible advantages and disadvantages of the Scheme to Scheme Creditors are listed and explained at Sections 4.5 and 4.6 of this Explanatory Statement.

All of the Scheme Companies have sought to create a Scheme process that is fair and transparent to creditors and have taken advice from leading professional firms to achieve this. This has resulted in, amongst other features, Scheme Creditors being given:

- early notice of the Scheme Companies' intention to enter into the Scheme;
- a substantial period of time within which to collate and to submit their Scheme Claims; and
- disclosure of the Estimation Methodology that will be used by the Scheme Actuary to value Scheme Claims which are referred to him. The Estimation Methodology is designed to derive an independent valuation of a Scheme Creditor's claim should that Scheme Creditor not be able to agree its claim with the Scheme Manager. The Estimation Methodology has the flexibility to require the Scheme Actuary to consider a Scheme Creditor's own methodology for estimating its Scheme Claims.

A Website has been created to enable Scheme Creditors to view, submit and store information relating to their Scheme Claims and Insurance Contracts. The Website at www.wfumpools.com is designed to assist Scheme Creditors by making the process of submitting claims information as straightforward and efficient as possible and we would strongly encourage Scheme Creditors to make use of it. Scheme Creditors who have not already done so are urged to contact us (contact details on page iii) for a Website Password and username to enable them to access their secure part of the Website.

The proposed valuation approach for both Sovereign and the other Scheme Companies is identical, with the limited exception of Sovereign's Protected Scheme Claims. This includes the same mechanism for agreeing or valuing Scheme Claims and, by necessity, given the common reinsurance contracts that exist across the WFUM Pools, the same calculation of reinsurance balances for set-off. All of the Scheme Companies will agree or value their future Liabilities to Scheme Creditors on a net present value basis as at the Ascertainment Date and the discount will be adjusted to allow for the delay until the date of the Valuation Statement (details of the proposed discount rates can be found in the Estimation Methodology

at page 332). Once a Scheme Creditor's Net Ascertained Claim has been established by the Scheme Companies, each solvent Scheme Company will pay this valuation in full.

The Scheme Companies would like to thank those policyholders who have provided feedback on the design of the Scheme, including the members of Sovereign's current Creditors' Committee.

In all the circumstances, the Scheme Companies therefore recommend the proposed Scheme to their Scheme Creditors.

Yours faithfully

PRO Insurance Solutions Ltd.

PRO Insurance Solutions Limited

4. AN OVERVIEW OF THE WFUM POOLS SCHEME PROPOSAL

This Explanatory Statement describes a Scheme to be proposed by the Scheme Companies listed at the front of this document in relation to all of the Scheme Companies' WFUM Pools business, with the exception of any UK compulsory insurance written by the solvent Scheme Companies (other than Sovereign's solvent subsidiaries).

For the avoidance of doubt, the Scheme will apply to all of the Liabilities of Sovereign and all of the Liabilities of its solvent subsidiaries, Sovereign UK and Greyfriars. **This will include some business that is not WFUM Pools business.**

A description of the WFUM Pools business and the additional business written by Sovereign and its subsidiaries is at pages 62 to 69. The Liabilities which will be subject to the Scheme are formally defined in Appendix A to the Scheme at pages 275 to 279, and are referred to in the Scheme as "Agency Liabilities" or "Other Liabilities". "Agency Liabilities" refers to liabilities arising from business written through and/or managed by WFUM, WF&D and DUAL on behalf of the Scheme Companies, and is referred to in this Explanatory Statement as "WFUM Pools Business".

4.1 What is a scheme of arrangement?

A scheme of arrangement, such as that proposed here, is an arrangement between a company and some or all of its creditors (or any class of them) entered into pursuant to section 425 of the Companies Act 1985. Such a scheme of arrangement becomes legally binding on a company and all its creditors or any class of them if:

- a majority in number representing not less than 75% in value of the creditors or class of creditors present and voting in person or by proxy, vote in favour of the scheme of arrangement at a meeting or meetings convened with the permission of the Court;
- the Court subsequently sanctions the scheme of arrangement; and
- an office copy of the order of the Court to that effect is delivered for registration to the Registrar of Companies in England and Wales.

A separate scheme of arrangement is being proposed for each Scheme Company.

The voting procedure is separately described in the letter from PRO which accompanies this document, sending out notice of the meeting to vote on the Scheme. A copy of this letter can be found on the Website. A specimen voting and proxy form is set out in Schedule II at pages 70 to 100.

4.2 Why are the Scheme Companies proposing the Scheme?

The WFUM Pools have now been in run-off for some 14 years. In the normal course it is estimated that it would take at least another 20 years to run-off the remaining Liabilities which it is proposed to include in the Scheme. Sovereign and the solvent Scheme Companies consider it is in their interests and in the interests of Scheme Creditors to try and finalise their liabilities arising out of the WFUM Pools in a much shorter time frame than in a normal course run-off.

A large part of Sovereign's realisable assets have now been collected or secured and Sovereign's Scheme Administrators believe that, in view of this and the future costs of continuing its run-off, it is no longer in the best interests of Sovereign's creditors to continue with the Original Sovereign Scheme in its current form. Sovereign therefore wishes to amend the Original Sovereign Scheme and to implement the Scheme in conjunction with the solvent Scheme Companies.

The solvent Scheme Companies consider that, given their complex pool inter-relationships with Sovereign in the WFUM Pools, it would be appropriate and administratively beneficial to both Scheme Creditors and the Scheme Companies to promote their own closing Schemes in respect of their WFUM Pools business at the same time as Sovereign. To that end, a unified WFUM Pool closure scheme for the Scheme Companies is being proposed and has been designed to:

- enable the Scheme Companies and their Scheme Creditors to terminate all their WFUM Pools involvements with each other simultaneously;
- provide a mechanism for fairly valuing Scheme Creditors' claims including outstanding claims and IBNR claims; and
- result in these claim values being paid in full or, in the case of Sovereign, at a Payment Percentage, earlier than would otherwise be the case.

4.3 What liabilities are included in the Scheme?

The Liabilities which will be subject to the Scheme are defined in the "Scope of Scheme" at Appendix A to the Scheme at pages 275 to 279 and described in Schedule I at pages 62 to 69. All of the Liabilities of Sovereign and its subsidiaries, Sovereign UK and Greyfriars, are included. With respect to the other solvent Scheme Companies, the Scheme will apply to their Liabilities to insureds, reinsureds and brokers arising out of the WFUM Pools, except for any solvent Scheme Company liability in respect of UK compulsory insurance. To the best of

their knowledge and following due enquiry, the directors of Sovereign UK and Greyfriars do not believe that either company has any liabilities in respect of UK compulsory insurance.

To assist Scheme Creditors in identifying their involvements with the WFUM Pools and establishing which of the Scheme Companies underwrote their policies, the Website and Appendix G to the Scheme at page 373 contain a detailed table setting out the individual Underwriting Stamps held by PRO. This is as complete as the Scheme Companies have been able to make it but may not be an exhaustive list. The Website also contains a search facility to help identify Underwriting Stamps affected by the Scheme. Scheme Creditors should carefully consider the information supplied and if in any doubt contact the helpline for assistance.

For the avoidance of doubt, any references to a loss notified to a Scheme Creditor in the Scheme (including the Estimation Methodology, the voting forms, the claim forms, or in other related documents) include first-party losses where the Scheme Creditor has incurred the loss themselves, as well as third-party losses of which it has been notified.

4.4 How does the Scheme assist Scheme Creditors?

Sovereign's Scheme Administrators have consulted at length with Sovereign's current Creditors' Committee over the contents of the Scheme. In addition, the Scheme Companies have contacted many Scheme Creditors to discuss the Scheme and have taken into account feedback from those creditors and developments with respect to recent solvent schemes. The Scheme will have the following features, which the Scheme Companies believe will be of assistance to Scheme Creditors:

- early notification of the Scheme by way of an initial letter, which was sent on 2 December 2005, enabling recipients to make enquiries of the proposed Scheme Manager regarding the Scheme business, collate their own information and begin an early assessment of the merits of the Scheme. Copies of this letter and the subsequent Practice Statement Letter dated 20 January 2006 are available on the Website;
- each Scheme Creditor will have access to a secure area on the Website which will provide them with:
 - (a) their contract records and Unpaid Agreed Claims for all Scheme Companies as recorded on the proposed Scheme Manager's systems; and
 - (b) an efficient means for them to collate their voting information and to review and submit their Scheme Claims;

- voting on the Scheme has been scheduled to take place in October 2006 - more than ten months after the initial notification of the intention to propose a Scheme was provided to Scheme Creditors. This gives a prolonged period in which Scheme Creditors can identify, collate and submit claims information;
- detailed claims information entered by the Scheme Creditor on the Website for voting purposes will be automatically migrated onto Claim Forms on the Website to avoid the need to re-submit data (although the amount used for voting purposes will not bind either the Scheme Creditor or the Scheme Companies);
- the Bar Date (the last date for submitting Claim Forms) has been set at 180 days after the Effective Date to give ample time for the submission of Claim Forms. After that, a further 182 days are allowed for negotiation and agreement of Scheme Claims with the Scheme Manager;
- a detailed, but flexible, Estimation Methodology has been created to enable Scheme Creditors to understand how the IBNR or notified outstanding elements of their Scheme Claim would be valued by the Scheme Actuary if they have been unable to agree these with the Scheme Manager;
- Scheme Creditors of the solvent Scheme Companies will be paid all Unpaid Agreed Claims (after any applicable set-off) on the Scheme Manager's systems even if they had become time-barred and regardless of whether they submit a claim in the Scheme; and
- if a Scheme Creditor feels that the Scheme is not being operated in accordance with its terms, it can request the Scheme Adviser to investigate the operation of the Scheme. If the Scheme Adviser decides that there are grounds for the complaint, then it must make a report to this effect and advise the Scheme Companies on appropriate remedial action.

4.5 What are the advantages of the Scheme for Scheme Creditors?

There are a number of benefits to creditors of Sovereign of all of the Schemes becoming effective, which will increase the amount that will become distributable to them:

Higher final dividend

Sovereign's Scheme Creditors should receive a higher final dividend much sooner than they would under the Original Sovereign Scheme if it were not amended, or under a stand-alone "cut-off" scheme for Sovereign. This principally results from the following features:

- ***Maximisation of reinsurance assets***

Within the WFUM Pools, Sovereign has substantial reinsurance placed with many of the other Scheme Companies. It will be possible to value and collect this more quickly and effectively under the Scheme than otherwise.

Additionally, collecting outwards reinsurance at the same time as the solvent Scheme Companies will be easier than if Sovereign attempted to collect this reinsurance on its own.

- ***Release of subsidiaries' assets for distribution***

Sovereign also has two solvent subsidiaries, Sovereign UK and Greyfriars, who participated in the WFUM Pools and are Scheme Companies. The implementation of their Schemes at the same time as Sovereign and the other Scheme Companies would allow the early release of the surplus assets of those subsidiaries to Sovereign for distribution to its creditors.

- ***Cost savings***

There will be substantial cost savings through sharing the costs of the Scheme (for instance, the cost of employing advisers, actuaries, claims adjusters and other experts) with the other Scheme Companies.

Scheme Creditors of all the Scheme Companies should also be aware of the following potential advantages in the way in which the Scheme operates:

Benefits of unified closure

If all the Schemes are implemented, fragmentation of the WFUM Pools and the associated costs and disruption which would result will be avoided. Such costs and disruption would affect both Scheme Creditors and the Scheme Companies. Scheme Creditors will be able to submit their claims at "WFUM Pools level" and finalise them on that basis.

Although the administration of the WFUM Pools has remained a unified and cohesive process, the inevitable issues caused by the insolvency of Sovereign have led to difficulties for many creditors in administering the receipt of claims and the allocation of funds received from the solvent and insolvent pool members. A unified Scheme would produce a speedy closure and reduce this administrative burden for Scheme Creditors.

Potential to receive more than in the normal course of run-off

The Scheme will place a once and for all value on future claims, either by agreement or, if that is not possible, by valuation through adjudication or by the Estimation Methodology. As a result, Scheme Creditors achieve certainty and finality and could receive more than they would have received had the Scheme Companies' business been run off in the normal course.

Early payment

A fair valuation and early settlement of Scheme Companies' collective Liabilities as valued under the Scheme will reduce Scheme Creditors' exposure to credit risk.

4.6 What are the disadvantages of the Scheme for Scheme Creditors?

In considering the Scheme, Scheme Creditors should also be aware of the following potential disadvantages in the way in which it operates:

Bar Date for submission of Scheme Claims

Other than in respect of Protected Scheme Claims against Sovereign, Scheme Companies cannot accept Claim Forms submitted after the Bar Date and failure to meet this deadline will result in a Scheme Creditor losing its entitlement in respect of any Scheme Claim other than Unpaid Agreed Claims listed on the Claim Form by the Scheme Manager.

Replacement of cover with a value that may be less than you would receive in the normal course of run-off

Once the Scheme has been fully implemented, a Scheme Creditor's cover under Insurance Contracts will have been removed. In return, the Scheme puts a present value on future claims, either by agreement or, if that is not possible, by valuation through adjudication or by the Estimation Methodology. As a result, a Scheme Creditor could receive less than they would have received had the relevant Scheme Company's business been run-off in the normal course.

Scheme Claim values applied to outward reinsurance programme

For Scheme Creditors who also reinsure the WFUM Pools, Scheme Claim values calculated under the Scheme will be used to establish outwards reinsurance claims values for set-off with those Scheme Creditors. However, the time value discount will be passed on to those reinsurers. Undiscounted Agreed Claims will be processed through the reinsurance programme and discounting, at the rates in the Estimation Methodology, will be applied to the resulting value where appropriate.

Stay on Proceedings

There is a prohibition on Scheme Creditors commencing or continuing Proceedings against Scheme Companies in relation to Scheme Claims. This means that existing rights to arbitrate or commence Proceedings are removed and replaced by the Scheme Adjudication processes. The provisions in the Original Sovereign Scheme regulating Proceedings against Sovereign will be amended by those in the Scheme.

Please also refer to Section 8 of this document at pages 51 to 59 which contains additional questions and answers.

5. HOW DOES THE SCHEME WORK? - A DETAILED EXPLANATION

(References to clause numbers in the following sections refer to clauses in the Scheme).

5.1 Summary

The purpose of the Scheme is to terminate the run-off of Scheme Claims (except, in the case of Sovereign, of Protected Scheme Claims) by establishing the value of all Scheme Claims as at 31 December 2005, the Ascertainment Date. These values will be discounted to a present value at the date of the Valuation Statement and will also be adjusted to take account of any set-off and other items set out in clause 2.7.

The proposed Scheme is a "cut-off" scheme whereby Scheme Creditors will have until 11.59pm on the day falling 180 days after the Scheme becomes effective (the "**Bar Date**") to submit their Scheme Claims. In order to arrive at an Agreed Claim, the Scheme provides a period of up to 182 days after the Bar Date for the Scheme Creditor and the Scheme Manager to reach an agreement. If agreement cannot be reached, the Scheme then provides for an Adjudication process to resolve legal or factual disputes. For Scheme Claims involving IBNR or needing actuarial input, the Scheme Actuary will apply the Estimation Methodology described in Section 7 of this Explanatory Statement, to value the relevant Scheme Claims fairly, speedily and efficiently.

Although set out in one document, the Scheme is in law a separate scheme of arrangement in relation to each Scheme Company. The Scheme proposed by each Scheme Company is in substantially similar terms except that:

- due to rules governing conflicts of interest, David Hindley of Deloitte & Touche LLP is not permitted to fulfil his role as Scheme Actuary in relation to Continental Reinsurance Corporation International Limited ("**Continental**"), which is part of a group which his firm audits. In respect of Continental therefore, the Scheme Actuary will be Esmee Robinson of PricewaterhouseCoopers LLP, who will apply the Estimation Methodology in accordance with the Scheme and whose decision will be subject to appeal to the Actuarial Adjudicator; and
- the Scheme contains provisions that are specific to Sovereign, reflecting the fact that it is insolvent and effecting the amendment of the Original Sovereign Scheme. These provisions are set out in clauses 9 to 17. The process for valuing Scheme Claims is the same for Sovereign as all of the other Scheme Companies, with the limited exception of Protected Scheme Claims.

5.2 Effect of the Scheme and stay of Proceedings

If the Scheme becomes effective for a Scheme Company, it will bind all Scheme Creditors of that Scheme Company. Clause 2.8.4 provides that if (as will often be the case) Scheme Creditors are creditors of more than one Scheme Company, it is a term of each Scheme that they must also abide by the terms of the other Schemes which become effective. This clause has been included to address the position of Scheme Companies which are not otherwise eligible under US law for Chapter 15 protection (see Schedule V at pages 103 to 109) of their Scheme in the US. The shared economic interests of the Scheme Companies with their Scheme Creditors would be damaged if Scheme Creditors were forced to abide by one Scheme Company's Scheme in the US because it had Chapter 15 protection (or Section 304, in the case of Sovereign), but could simultaneously challenge the Scheme of another which did not have that protection. Making it a term of each Scheme that the Scheme Creditor abides by the terms of the other Schemes is intended to prevent this happening.

Once the Scheme is effective, clause 4.1.1 provides that Scheme Creditors will not be permitted to commence or continue any Proceedings against the Scheme Companies to establish the existence or amount of any Scheme Claim. Any Scheme Claim which cannot be resolved by agreement between the Scheme Manager and a Scheme Creditor will be determined by the Adjudication or actuarial procedures provided for by the Scheme.

Similarly, unless a Scheme Company has failed to make a payment which it is obliged to make under the Scheme, a Scheme Creditor is prohibited from taking any Proceedings against the Scheme Company for the purpose of enforcing payment of a Scheme Claim (clause 4.1.2).

If, despite these prohibitions, a Scheme Creditor does pursue Proceedings against a Scheme Company and obtains money or property as a result, this is to be treated as an advance payment under the Scheme (clause 4.1.4). The Scheme Creditor's entitlement to payment under the Scheme will be reduced or extinguished accordingly. Any amounts recovered or costs in excess of that entitlement should be repaid to the Scheme Company (clause 4.1.6).

The Scheme will not affect a Scheme Creditor's right to enforce any letter of credit or other Security or, in the case of Sovereign, Security Interest, provided it is done in accordance with the terms on which the Security or Security Interest was established. Where there is Security provided by one of the Scheme Companies other than Sovereign which is surplus to what is required to meet the purpose for which it is provided, a Scheme Creditor may be authorised to utilise the Security by way of payment of some or all of his Agreed Claims, in which case it will be assumed that he will do so.

5.3 Distribution of Claim Forms

As soon as reasonably practicable after the Effective Date, the Scheme Manager will advertise notice of the Effective Date and the Bar Date in the same publications which were used to advertise notice of the Meetings to vote on the Scheme, or other publications if that is not possible (clause 2.2.2). The advertisement will also ask those Scheme Creditors who have not already sought access to their secure area of the Website and who wish to access their Claim Form on it to contact the Scheme Manager for details of their username and Website Password. Those Scheme Creditors who do not wish to access their Claim Form on the Website, but wish to have a copy on paper, CD-ROM or by E-mail, should notify the Scheme Manager accordingly.

The Scheme Manager will also (so far as it is reasonably able) send to every known Scheme Creditor for whom it has what it believes to be a valid address within 14 days of the Effective Date notice that the Scheme has become effective together with details of the Bar Date, how to access their Claim Form on the Website and how to obtain their username and Website Password to access their secure part of the Website (clause 2.2.1).

To assist Scheme Creditors in making their Scheme Claim, their Claim Form, as prepared by the Scheme Manager, will include details of known Insurance Contracts under which they may have a Scheme Claim and details of Unpaid Agreed Claims, as recorded on the Scheme Manager's systems as at the Effective Date (clause 2.2.3). This is expected to reflect the position of Unpaid Agreed Claims in a Scheme Creditor's records as at the Ascertainment Date. Scheme Creditors should update these, adding any claims that they have recorded as due as at the Ascertainment Date and which are not shown on the Claim Form.

The Claim Form as prepared by the Scheme Manager will not show figures for outstanding claims, nor for IBNR claims. These need to be filled in by Scheme Creditors, as at the Ascertainment Date. If the Scheme Creditor entered details of their claims on the Website for voting purposes at individual claim level, such details (including figures for outstanding and IBNR claims) will be shown on their Claim Form.

For sums due to the Scheme Company under reinsurance contracts, the Scheme Manager will make available on the Website for information only a summary of the unpaid outwards claims that it has on its systems.

5.4 Return of Claim Forms and the Bar Date

The Bar Date is a critical part of the Scheme process as it sets a point in time - one minute before midnight in the UK on the first Business Day falling 180 days after the Scheme has become effective - by which Scheme Claims must be submitted by Scheme Creditors and

received by the Scheme Manager. Scheme Claims must be submitted, either through the Website, or by post or E-mail, by means of a Claim Form together with supporting evidence.

At least 28 days before the Bar Date, the Scheme Manager will send a reminder of the impending Bar Date to Scheme Creditors to whom Claim Forms have been sent and will also advertise notice of the Bar Date in the publications used to advertise notice of the Meetings, or other similar publications if they are not available (clause 2.2.6). Scheme Creditors who have not provided an E mail address will be notified by Post.

Scheme Creditors are strongly encouraged to submit their claims information by entering it on Claim Forms on the Website and sending any supporting evidence separately (clause 2.3). The Claim Form contains instructions and guidance notes to assist in its completion. A helpline is also available to provide guidance - please see the contact details at page iii.

The Claim Forms on the Website should be particularly helpful to Scheme Creditors, as these will maintain each batch of data filled in, allowing the user to complete the Claim Form in stages. All data saved to the Website by a Scheme Creditor will, by default, be submitted at the Bar Date if the Scheme Creditor does nothing else (clause 2.3.1.6).

If a Scheme Creditor submits more than one Claim Form (either in paper form or by submitting electronically via the Website) the last Claim Form to be submitted will be taken as being its Claim Form and the information on any prior Claim Form will not be taken into account (clause 2.3.1.5).

If, at any point before the Bar Date, a Scheme Creditor has finalised its submissions and would like the Scheme Manager to start processing its Claim Form, it can ask for this work to be carried out, which may enable payment to be processed sooner. Even if this work is being carried out prior to the Bar Date, the Scheme Manager will, on request, allow further submissions up to the Bar Date.

If a Scheme Creditor does not amend and return a Claim Form by the Bar Date, their Claim Form as prepared by the Scheme Manager shall be automatically deemed to be submitted immediately before the Bar Date (clause 2.3.2). The Scheme Creditor will lose its entitlement to assert any additional Scheme Claims in such circumstances.

If a Scheme Creditor does not wish to make any amendments to the information on the Claim Form as prepared by the Scheme Manager, it does not need to submit a Claim Form by the Bar Date. However, submitting the Claim Form sooner by way of confirmation may speed up payment of a Scheme Creditor's Scheme Claim.

Supporting evidence must be supplied in order to substantiate the amounts entered on the Claim Forms (clause 2.3) and Scheme Creditors are deemed to warrant that such evidence is correct (clause 2.3.5). As it may not be possible for supporting evidence to be submitted electronically, the Scheme Manager will accept supporting evidence received up to seven days after the Bar Date so long as the Claim Form itself is received by the Bar Date. The Claim Forms are accompanied by detailed guidance notes and instructions, which give information as to the type of evidence which may be required to support a claim, and guidance on supporting documentation can also be found in the Estimation Methodology. A specimen Claim Form together with the guidance notes and notes and instructions can be found at Appendix D of the Scheme at page 334.

The Bar Date does not apply to Sovereign's Protected Policyholders, who will be entitled to submit Protected Scheme Claims to the Scheme Manager (or a successor engaged by the FSCS after the Completion Date) after the Bar Date and receive payment from the FSCS in respect of eligible Protected Scheme Claims (please see Section 6.2 below for further explanation of the application of the Scheme to Protected Policyholders).

5.5 Agreement of Claim Forms

Once a Scheme Creditor submits its completed Claim Form to the Scheme Manager, any alterations and new information on it, including all amounts for outstanding and IBNR claims, will be compared to the anticipated claim values for that Scheme Creditor. If the Scheme Manager agrees with the amounts submitted on the Claim Form, it will inform the Scheme Creditor of this within 91 days of the Bar Date, and the values on the Claim Form will then become binding (clause 2.4.1). If the Scheme Manager does not agree with the values submitted on the Claim Form it will contact the Scheme Creditor concerned within 91 days of the Bar Date and thereafter try to reconcile the difference, and seek to agree the claim (clause 2.4.2). The time allowed for this whole agreement process is up to 182 days from the Bar Date. If agreement cannot be reached, then outstanding disputes will go to whichever (or both) of a Scheme Adjudicator (as described at Section 5.6 below) or the Scheme Actuary (in a process that is described in Section 5.7 below), as the Scheme Manager decides is appropriate (clause 2.4.4).

The roles of the Scheme Adjudicator, the Scheme Actuary and the Actuarial Adjudicator are very important because they effectively replace any right to litigate or arbitrate in respect of disputes. These processes have been designed to deal with claims expeditiously, economically and fairly.

5.6 Adjudication

A Scheme Adjudicator will deal with disputes as to fact or law.

There will be no pre-appointed Scheme Adjudicator. Instead, the Scheme provides for the Scheme Manager and Scheme Creditor to agree on the Scheme Adjudicator in relation to that Scheme Creditor's Scheme Claim (clause 6.3). If agreement cannot be reached, a Scheme Adjudicator will be appointed by the Chairman of ARIAS UK.

All submissions and documents provided for Adjudication must be in English or translated into English (clauses 6.4.2.2 and 6.4.2.4) and made available to each of the parties to it (clause 6.4.2.5). The Scheme Creditor and Scheme Company are entitled to make written submissions in support of their views to the appointed Scheme Adjudicator within 35 days of the dispute being referred to him (clause 6.4.2.3). A Scheme Adjudicator may also request further supporting evidence from the Scheme Creditor and/or any Scheme Company, which the Scheme Creditor and/or Scheme Company will have 35 days to provide (clause 6.4.3.3). A Scheme Adjudicator will base his decision on the supporting evidence available to him at the end of these periods, and is entitled to consult with professional advisers (clause 6.4.3.5) and to use his general knowledge and experience of the insurance market in coming to his decision (clause 6.4.3.6). However, if the Scheme Adjudicator finds that he is dealing with any matter that falls within the Estimation Methodology, he must refer this to the Scheme Actuary and the time periods for the Adjudication will be increased to allow for this (clause 6.4.5).

The Scheme Adjudicator will inform the Scheme Manager and the Scheme Creditor of his determination in relation to a disputed matter in writing within a maximum of 140 days of the matter being referred to him (clause 6.4.6).

Except in cases of Manifest Error a Scheme Adjudicator's decision is final and binding (except where the law does not permit this, for instance in case of fraud) (clause 6.4.9). A Scheme Adjudicator may not determine that a Scheme Claim is greater than the amount set out in respect of it in a Claim Form (clause 6.4.11).

In exceptional circumstances, intended to reflect the limited occasions on which a US court can award costs against a litigant, a Scheme Adjudicator may order the Scheme Creditor involved in an Adjudication to pay some or all of the remuneration and costs incurred if, in the opinion of the Scheme Adjudicator, the Scheme Creditor has acted in bad faith, vexatiously, wantonly or for oppressive reasons (clause 6.5).

The duties and functions of a Scheme Adjudicator are set out in clauses 6.3 and 6.4. These duties and any liabilities of a Scheme Adjudicator under the Scheme are limited by clause 6.8.

5.7 Application of the Estimation Methodology to Scheme Claims

The first Scheme Actuary will be David Hindley of Deloitte & Touche LLP or, in the case of Continental only, Esmee Robinson of PricewaterhouseCoopers LLP and the first Actuarial Adjudicator will be Peter Matthews of EMB Consultancy LLP, whose CVs are available on the Website or at the locations referred to in Schedule VI.

Scheme Claims which cannot be agreed with the Scheme Manager and which involve matters relating to the application of the Estimation Methodology to projected or IBNR values will be referred to the Scheme Actuary. The Scheme Actuary will not deal with disputes over matters of pure fact or law, although the Estimation Methodology does deal with issues such as the application of "win factors", which relate to fact or law, and in such cases the Scheme Actuary may decide on such issues. The Scheme Actuary will apply the Estimation Methodology, set out in Appendix B to the Scheme at pages 280 to 332 and summarised below in Section 7 in order to place a value on the Scheme Claim, as at the Ascertainment Date, 31 December 2005.

In submitting a Scheme Claim, a Scheme Creditor may submit its own methodology in support of its estimation of future claims and the Scheme Actuary will take this alternative methodology into account. If it appears to the Scheme Actuary more appropriate than the one in the Estimation Methodology itself, the Scheme Actuary will adopt it, in whole or part.

The Scheme Actuary will apply the Estimation Methodology when all relevant aspects of the Claim Form and supporting evidence which have been referred to the Scheme Adjudicator by the Scheme Manager have become final and binding (clause 2.5.3). Once the Scheme Actuary has completed his estimation of the value of the relevant Scheme Claim(s), he will notify the Scheme Manager and the relevant Scheme Creditor of his valuation (clause 6.4.7).

A Scheme Creditor may dispute the Scheme Actuary's valuation, providing it does so within 28 days of despatch of the valuation, failing which the Scheme Actuary's valuation will be binding (clause 6.4.10). A dispute on the grounds of Manifest Error will be dealt with by the Scheme Manager (clause 2.5.4.1). A dispute on grounds other than Manifest Error will be referred to the independent Actuarial Adjudicator who is required to give an opinion on whether the Estimation Methodology was correctly applied (including any decision of the Scheme Actuary as to whether to adopt a Scheme Creditor's own methodology) and, if not, to reapply it to provide a binding value and/or net present value (clause 2.5.4.2).

All submissions and documents provided in relation to the Scheme Actuary or Actuarial Adjudicator's valuation must be in English or translated into English (clauses 6.4.2.2 and 6.4.2.4) and will be made available to each of the parties to it (clause 6.4.2.5). The Scheme Creditor and Scheme Company are entitled to make written submissions in support of their views to the Scheme Actuary or Actuarial Adjudicator within 35 days of the referral of a Scheme Claim to him (clause 6.4.2.3), and the Scheme Actuary is entitled to make submissions to the Actuarial Adjudicator. The Scheme Actuary and Actuarial Adjudicator may also request further supporting evidence from the Scheme Creditor, Scheme Company, Scheme Manager or Scheme Actuary (in the case of the Actuarial Adjudicator), which must be provided within 35 days of their request (clause 6.4.3.3). The Scheme Actuary or the Actuarial Adjudicator will base his decision on the supporting evidence available to him at the end of these periods, and is entitled to consult with professional advisers (clause 6.4.3.5) and to use his general knowledge and experience of the insurance market in coming to his decision (clause 6.4.3.6).

The Scheme Actuary or Actuarial Adjudicator may ask for issues of fact or law to be resolved by the Scheme Manager with the Scheme Creditor concerned or referred to Adjudication, and the time periods for their determination shall be increased accordingly (clause 6.4.4). Certain issues involving fact or law may, however, come within the remit of the Estimation Methodology (such as the application of 'win factors' with respect to litigation) and in such instances the Scheme Actuary or Actuarial Adjudicator may decide on these matters.

The Scheme Actuary will notify the Scheme Manager and Scheme Creditor of his valuation of the disputed amount of a Scheme Claim within a maximum of 140 days of it being referred to him (clause 6.4.7). The Actuarial Adjudicator will notify the Scheme Manager and Scheme Creditor of his determination within a maximum of 90 days of the matter being referred to him (clause 6.4.8).

In the absence of Manifest Error the Actuarial Adjudicator's decisions are final and binding (except where the law does not permit this, for instance in case of fraud (clause 6.4.9)). Neither the Scheme Actuary nor the Actuarial Adjudicator can determine that a Scheme Claim is worth more than the value set out in respect of it in a Claim Form (clause 6.4.11).

The duties and functions of the Scheme Actuary and Actuarial Adjudicator are set out in clauses 5.7, 6.1 and 6.4. These duties and any liabilities of the Scheme Actuary and Actuarial Adjudicator under the Scheme are limited by clauses 5.11 and 6.8 respectively.

5.8 Valuation Statements

A Valuation Statement will be sent or made available to each Scheme Creditor within 42 days of the last of:

- agreement or valuation of a Scheme Creditor's Scheme Claim, and conversion into the relevant currency;
- where applicable, calculation of the value of the Scheme Creditor's Scheme Debts; and
- where applicable, the making of a Final Award in respect of any Proceedings commenced or continued by the Scheme Creditor in accordance with the Scheme.

The Valuation Statement will set out the total value of a Scheme Creditor's Agreed Claims established under the procedures for agreement, adjudication and actuarial estimation explained above and, for those who are also reinsurers of the Scheme Companies, will set out their set-off balances as described below (clause 2.7.1).

The Valuation Statement will set-off any amounts in relation to Scheme Debts shown as due from a Scheme Creditor against the sums due to the Scheme Creditor (clause 2.7.1.5). Scheme Debts are amounts which are, or may become, payable from a Scheme Creditor to a Scheme Company in connection with the business subject to the Scheme, generally under contracts of reinsurance, although such debts could arise by virtue of an obligation to return premium or over-payments by the Scheme Company. The calculation of Scheme Debts in respect of reinsurance obligations will take account of Scheme Claims agreed by the Scheme Manager as well as those which have been established by the Estimation Methodology under the Scheme.

Under the Scheme, set-off will be carried out as between the Scheme Company and its Scheme Creditors, rather than at pool level.

However, Scheme Creditors will also have made available to them a statement aggregating their Valuation Statements issued in respect of the Scheme Companies other than Sovereign (a "**Combined Valuation Statement**") in each applicable currency. The aggregation of amounts in respect of different Scheme Companies on a Combined Valuation Statement may result in the setting off of amounts shown as due from a Scheme Creditor to Scheme Companies against amounts shown as due to that Scheme Creditor by other Scheme Companies. By signing and returning their Combined Valuation Statement, a Scheme Creditor may indicate its agreement to such set-off and to receiving a single payment on behalf of all the Solvent Scheme Companies.

A time value discount will be applied under the principles of the Estimation Methodology to reflect the net present value of Scheme Claims and Scheme Debts at the date of the Valuation Statement.

The Valuation Statement will also show other balances including:

- payments made by or to a Scheme Creditor in respect of its Agreed Claims or Scheme Debts prior to the date of the Valuation Statement (clause 2.7.1.6);
- any part of an Agreed Claim that has been, or is to be, satisfied by drawdown of Security or Security Interest since the Ascertainment Date, and the amount of any Security or Security Interest to be deducted from the total Agreed Claim. Scheme Creditors will therefore be able to call on, or draw down, the requisite amount from the Security or Security Interest in respect of their Agreed Claims and it will be assumed that they will do so (clause 2.7.1.7);
- adjustments eliminating any discount applied to amounts shown on the Valuation Statement for the period between the Ascertainment Date and the date of the Valuation Statement (clause 2.7.1.8);
- any deductions following a costs award by the Actuarial or Scheme Adjudicator. Such awards can only be made in exceptional circumstances (clause 2.7.1.9);
- amounts treated as having been for the purpose of clauses 4.1.4 and 4.1.5 obtained by a Scheme Creditor in breach of the Scheme (clause 2.7.1.10);
- withholding tax, if applicable (clause 2.7.1.11); and
- any other amounts in relation to Scheme Claims or Scheme Debts that ought in the opinion of the Scheme Manager to be taken into account for the purpose of calculating the Scheme Creditor's Net Ascertained Claim or the Scheme Creditor's Net Debt, as the case may be (clause 2.7.1.12).

Scheme Creditors' Scheme Claims against Sovereign will be valued simultaneously with other Scheme Claims, but will be shown separately on Valuation Statements. There are potential differences in the treatment of certain items which may appear on a Valuation Statement as between Sovereign and other Scheme Companies - for example, in relation to set-off and Security Interests (clause 10.1). Payments made by Sovereign to Scheme Creditors under the Original Sovereign Scheme will be taken into account in calculating further payments (clause 11.3.1).

The amount shown on a Valuation Statement after the adjustments described above is the Scheme Creditor's "**Net Ascertained Claim**" (or "**Net Debt**" if it is an amount in favour of the Scheme Company). A Valuation Statement becomes binding upon the Scheme Creditor unless disputed within 56 days of the date of the Valuation Statement (clause 2.7.4.1). A Valuation Statement can only be disputed as regards inwards claim values if it contains a clear typographical or mathematical error which is apparent on its face or an error in the transposition of binding information to it. These kinds of error are referred to as a "**Manifest Error**" (clause 2.7.4.2).

Calculations or amounts which the Scheme Creditor may not have seen before, such as Scheme Debts, discounting, the application of set-off and withholding tax, can be disputed on substantive grounds as well as grounds of Manifest Error (but not so as to dispute inwards claims values that have become binding or such values being applied to contracts by which the Scheme Company is reinsured in respect of such agreed claims for the purposes of set-off). If agreement cannot be reached the substantive disputes will be resolved by Adjudication (clause 2.7.5).

5.9 Currency conversion

The Scheme will operate in four main currencies: US Dollars, Pounds Sterling, Canadian Dollars and the Euro. A Scheme Creditor has the option to elect on its Claim Form for its Net Ascertained Claim or Net Debt to be denominated in just one of these four currencies. If a Scheme Creditor would like a different currency to be used, they can seek to agree this with the Scheme Manager. If no currency is requested, any Scheme Claims in one of the four Scheme Currencies will be denominated in that currency, and claims in all other currencies will be converted into Pounds Sterling. If no currency is requested and set-off needs to be calculated for the purpose of preparing a Valuation Statement, the Scheme Manager will carry out the calculation for the amounts in each separate Scheme Currency to be shown on the Valuation Statement. If any of these calculations results in a balance in favour of the Scheme Company, all of the amounts will be converted into US Dollars and the Net Ascertained Claim or Net Debt will also be denominated in US Dollars. All conversion will be at the Scheme Rate in force at the month end before the Valuation Statement is prepared (clause 2.7.3).

5.10 Lloyd's Syndicates

Due to the practical difficulties involved in identifying set-off at Lloyd's names level, the Scheme takes the approach usually adopted in London market schemes of arrangement, which is to apply set-off at syndicate level, rather than to individual names. Set-off at syndicate level will be permitted across different underwriting years (clause 4.5).

5.11 Managing general agents, line-slip holders, managers of underwriting pools

Where one entity such as a pool manager, managing agent, line-slip holder or holder of a broker cover authority or binding authority is authorised to act on behalf of a number of Scheme Creditors, the Scheme Manager may require it to allocate Scheme Claims between its principals (clause 4.6.1). As an alternative, the Scheme Manager may treat that entity as if it were the principal creditor or debtor in place of its principals, unless notice is given that the entity has no authority to act on their behalf or that the principal does not wish its payments to be made to the agent (clause 4.6.2).

5.12 Payment of Net Ascertained Claims

The method and timing of payment of Net Ascertained Claims, except in relation to Sovereign, which has its own provisions (described in the following paragraph), are set out at clause 3.1.2. Payment by Scheme Companies other than Sovereign, whether by cheque or (if requested) telegraphic transfer, will be made in full within 42 days of a Valuation Statement becoming binding. Clause 3.1.3 deals with the procedure for cheques that are not cashed, or lost. If these are not claimed or a reissue sought within six months, the payment obligation will be deemed to have been satisfied. If a Scheme Creditor has signed and thereby indicated its agreement to a Combined Valuation Statement, it will receive a single payment in respect of the net amount shown on the Combined Valuation Statement.

Payments to Sovereign's Scheme Creditors in respect of Net Ascertained Claims will be at a Payment Percentage determined with reference to its available assets. Payment of these claims will be made by the Scheme Administrators separately from those in respect of other Scheme Companies, within 105 days of a Valuation Statement becoming binding and with any further payments being made within 105 days of any increase in the Payment Percentage (clause 11.3.1 and 11.3.2). Clause 11.4.3 deals, in relation to payments to Sovereign's Scheme Creditors, with cheques that are not cashed or payments which have not been claimed. If these are not cashed or otherwise claimed within one year of the cheque being sent by Post or payment made in such other manner as determined by the Scheme Administrators, the payment obligation will be deemed to have been satisfied.

5.13 Cessation of normal course payments

Subject to clause 12.9.4 (which relates to Sovereign only), the Scheme Companies shall be entitled not to pay or discharge Scheme Claims in the normal course of business from the Effective Date (clause 3.3).

5.14 Effect of payments

Except in the case of Sovereign, payment or deemed payment of a Net Ascertained Claim will be in full and final settlement of all and any Scheme Claims and Net Ascertained Claims of the relevant Scheme Creditor against a Scheme Company (clause 2.8.1).

The liability of Sovereign in respect of Scheme Claims and Net Ascertained Claims (except for Protected Scheme Claims) will be extinguished on the Completion Date as explained at Section 5.19 below.

5.15 The Scheme Manager

The first Scheme Manager will be PRO Insurance Solutions Limited, which has been handling the administration of the WFUM Pools since 1998. Details of PRO's experience and history are set out on the Website and are available from the locations specified in Schedule VI. The Scheme Manager has responsibility for implementing the Scheme process, on behalf of the Scheme Companies. As there are 16 Scheme Companies, this is intended to provide Scheme Creditors with a single point of contact, and the knowledge that one company is dealing in a consistent way with the day-to-day running of the Scheme. The Scheme Manager is the agent of the Scheme Companies, acts in accordance with their instructions (clause 5.1) and has a duty to act in good faith.

The duties and functions of the Scheme Manager are set out in clauses 5.1 and 5.2. These duties and any liabilities of the Scheme Manager under the Scheme are limited by clause 5.11.

5.16 The Scheme Advisers

The role of the Scheme Adviser is to advise the Scheme Companies on the proper implementation of the Scheme. Each Scheme Company (with the exception of Sovereign - see section 6.1.5 below) has separately appointed a Scheme Adviser which will be either KPMG LLP or PricewaterhouseCoopers LLP (a full list stating the relevant Scheme Adviser for each Scheme Company is set out at Appendix F to the Scheme and details of the Scheme Advisers' experience are set out on the Website or are available from the locations specified in Schedule VI).

These Scheme Advisers were involved in advising the Scheme Companies on the terms of the Scheme prior to its circulation.

If a Scheme Creditor has a concern that the Scheme is not being implemented in accordance with its terms by a Scheme Company and has not been able to satisfactorily resolve this matter with the Scheme Manager, it may give formal notice of its complaint to the Scheme Manager in writing, together with any supporting evidence, with a copy to the Scheme Advisers (clause 5.4.2). Within 21 days of receipt, the Scheme Advisers will review and investigate the complaint, and inform the Scheme Manager as to whether they believe the complaint is justified or not. This notification, including any reasons supporting their conclusion, will be copied to the Scheme Creditor (clause 5.4.2).

In the event that the Scheme Advisers consider the complaint to be justified, they will also advise the Scheme Company and the Scheme Manager on how they consider the Scheme should be operated in accordance with its terms, and any steps that should be taken to remedy the situation (clause 5.4.3). Within 14 days of receiving such advice, the Scheme Manager shall be required to produce and send to the relevant Scheme Creditor, the Scheme Company and the Scheme Advisers a written statement of the actions it has taken in light of the Scheme Advisers' comments (clause 5.4.4).

Although the Scheme Advisers cannot enforce compliance, if the Scheme Manager does not follow their advice, or does not remedy the matter to enable compliance with the Scheme, the Scheme Advisers will send written notice to the Scheme Company, with a copy to the relevant Scheme Creditor, stating that in their view the Scheme is not being operated in accordance with its terms, which will be a powerful incentive for each Scheme Company to act upon its advice (clause 5.4.5).

Should a Scheme Adviser cease to hold office for any reason, it will provide the Scheme Manager and Scheme Company with a statement of any circumstances connected with its ceasing to hold office which it considers should be brought to the attention of Scheme Creditors, and the Scheme Manager must place such statement on the Website (clause 5.3.3.1).

The ability for Scheme Creditors to ask a Scheme Adviser to investigate a complaint is in addition to, and not a substitute for, the Scheme's Adjudication and Actuarial Adjudication procedures. The role of a Scheme Adviser is not to determine the correct value of a Scheme Creditor's claim, but, when appropriate, to decide whether the Scheme has been operated in accordance with its terms. As an example, a Scheme Creditor could make a complaint to a Scheme Adviser if it considered that the Scheme Actuary or Actuarial Adjudicator had a

material conflict but was refusing to stand down. However, the Scheme Adviser would not investigate if the Scheme Creditor simply disagreed with the Scheme Actuary or Actuarial Adjudicator's valuation of its Scheme Claims.

The duties and functions of the Scheme Advisers are set out in clauses 5.3 to 5.5. These duties and any liabilities of the Scheme Advisers under the Scheme are limited by clause 5.6.

5.17 Extension of time limits

The Scheme Manager may, at its discretion, extend any of the time limits set by the Scheme, apart from the Bar Date. These extensions are limited, other than in cases of force majeure, to an additional period equal to the original time limit, or longer if the Scheme Manager and Scheme Creditor agree or in the case of force majeure (clause 8.8.1). The Bar Date, however, can only be extended if there has been a substantive failure of the Website (clause 8.8.2). This is because the Bar Date is so critical to the whole process of commencing work to value Scheme Claims, and to payment and set-off. As it is hoped that most Scheme Creditors will use the Website to submit their Claim Forms, a substantive failure of the Website would be a fundamental issue that would justify a decision to move the Bar Date back.

5.18 Prohibited payments

In some cases a Scheme Company may be prevented by a law or regulation, such as the sanctions regulations imposed by the Office of Foreign Assets Control ("OFAC") in the United States, from making payment to a Scheme Creditor under the Scheme. In such case, the Scheme Company will deal with the monies owing to such Scheme Creditor ("**Blocked Monies**") in accordance with such law or regulation, or as instructed by the relevant authority. In the absence of any instructions as to how to deal with Blocked Monies, the Scheme Company will hold them in an account with a United Kingdom clearing bank until it receives instructions from the relevant authority, or it becomes legal to pay the monies to the relevant Scheme Creditor. If neither of these has occurred upon the completion of the Scheme, the Blocked Monies will revert to the Scheme Company and the relevant Scheme Creditor shall have no further claim on the Scheme Company in respect of such monies (clause 8.9).

5.19 Completion of the Scheme

Except in the case of Sovereign, the Scheme will be completed when the Scheme Manager certifies to the Scheme Company that the Scheme has been implemented in accordance with its terms (clause 8.2). Notice of impending completion will be sent to each Scheme Creditor that was entitled to receive a Valuation Statement 56 days prior to the date on which it is proposed that the Scheme will be declared complete (clause 8.2.1). A Scheme Creditor may object, prior to that date, by notice to the Scheme Adviser and the Scheme Manager if it

believes that the Scheme has not been implemented in accordance with its terms in relation to its Scheme Claims. The Scheme will then be certified complete save in relation to that Scheme Creditor if the Scheme Adviser advises that the complaint is valid. The Scheme Manager will take such action as may be necessary and possible to rectify the matter. Once the Scheme Manager believes that the matter has been rectified, it will notify the Scheme Adviser and unless the Scheme Adviser disagrees within 21 days, a certificate of completion can then be issued in relation to the Scheme Creditor concerned.

The Completion Date in respect of Sovereign will be when the Scheme Administrators, with the consent of the Creditors' Committee, give notice to Sovereign and the FSCS that all Valuation Statements have become final and binding, there is no reasonable prospect of an increase in the Payment Percentage, and Sovereign has complied with the provisions of clause 11.3 as regards all payments to be made to Scheme Creditors (clause 16.1.1).

Once the Scheme has been declared completed, all Scheme Claims will be deemed to have been paid and Scheme Creditors will have no further rights under the Scheme or in respect of Scheme Claims.

All Released Parties and Sovereign Released Parties will, upon completion of the Scheme in relation to the other Scheme Companies and in relation to Sovereign respectively, be released absolutely from all of their Liabilities and obligations under or in connection with the Scheme in so far as the law permits, except in cases of fraud or dishonesty. Any obligation under the Scheme which has not been fulfilled by the Completion Date will be deemed to have been correctly and fully performed and Scheme Creditors will not have any claims in respect of any such obligation.

Except in the case of Sovereign, if one of the Scheme Companies becomes subject to an Insolvency Event during the period of the Scheme, the Scheme will continue so far as the law permits (clause 8.4). If the Scheme continues in relation to an insolvent Scheme Company, it clearly would not be possible for it to pay claims in full, and it would pay whatever is permitted in accordance with the insolvency procedure which applies to it (clause 8.4.1).

Some Scheme Creditors of a Scheme Company (other than Sovereign) might (subject to eligibility) be potentially entitled to claim compensation payments from the FSCS in respect of Scheme Claims against that Scheme Company in the event of its insolvency. If the Scheme becomes effective, the valuation of Scheme Claims pursuant to the Scheme will preclude eligibility to claim and receive such compensation payments.

5.20 Governing law and jurisdiction

The Scheme will be governed by and construed in accordance with the laws of England. The Court is given exclusive jurisdiction to hear and determine any disputes which arise out of the Scheme Document or any associated document or form or out of any action taken or omitted to be taken under the Scheme or in connection with the administration of the Scheme (clause 8.10). This should not be confused with the adjudication procedures under the Scheme, as this provision only applies to the interpretation and enforcement of the terms of the Scheme itself. The Scheme does not affect the validity of any provisions determining law and jurisdiction in an Insurance Contract (clause 8.10.1).

The Scheme Companies, however, still have power to take Proceedings in any other country which has jurisdiction under its own laws to hear those Proceedings (clause 8.10.2). It is envisaged that this power must be used if necessary to endeavour to prevent a Scheme Creditor from taking steps in another jurisdiction which contravene the provisions of the Scheme.

6. PROVISIONS RELATING SOLELY TO SOVEREIGN

6.1 Changes from the Original Sovereign Scheme

Although Sovereign will be part of the same Scheme process as the solvent Scheme Companies, there are certain provisions which are unique to it, because of its insolvency and the fact that the Scheme will act as a "closing scheme" and will amend the Original Sovereign Scheme. The major changes from the Original Sovereign Scheme are explained in the following paragraphs.

6.1.1 Claims estimation

The Scheme is being proposed in conjunction with other Scheme Companies which underwrote within the WFUM Pools. The other Scheme Companies wish to terminate the run-off of their Scheme Claims by means of a solvent scheme. As explained more fully elsewhere in this document, this will involve the estimation of the value of all of their remaining outstanding and contingent liabilities to Scheme Creditors and the payment of that estimated value in full.

This represents an important change for Sovereign's Scheme Creditors because they will now be required to notify Sovereign (and, where applicable, the other Scheme Companies) of any further claims (including future and contingent claims) they may have and/or estimates of their value before the Bar Date, after which no new Scheme Claims will be accepted.

The provisions in the Scheme for claims submission and agreement, valuation of outstanding and IBNR claims and resolution of disputes are the same as for the other Scheme Companies and are explained earlier in this Explanatory Statement. This is with the exception of minor modifications in relation to the application of set-off as explained below.

6.1.2 Set-off

The Original Sovereign Scheme granted Scheme Creditors essentially the same rights of set-off which they would have enjoyed if Sovereign had been placed in liquidation on the Record Date, the date of the Original Sovereign Scheme. As the Original Sovereign Scheme is a "run-off scheme", an account is maintained in respect of a Scheme Creditor who had or might have rights of set-off, and debits and credits were entered on it as amounts fell due for payment to or from Sovereign. In addition, the Original Sovereign Scheme allows the original Scheme Administrators to decline to admit as an "Established Scheme Liability" a Scheme Creditor's claim in circumstances where they anticipated that there might be further debts which might

fall due to Sovereign from that Scheme Creditor, if there was a risk that the payments which might otherwise be made to that Scheme Creditor might result in overpayments to them where their net claims might be subsequently reduced through the application of further set-off.

The Scheme is an "estimation scheme" which (except in relation to Protected Scheme Claims) provides for the once-and-for-all valuation of all amounts actually and prospectively or contingently due to or from Sovereign from or to a Scheme Creditor, resulting in a Net Ascertained Claim, if in favour of the Scheme Creditor, or Net Debt if in favour of Sovereign. Set-off under the Scheme now encompasses definite valuations of prospective and contingent debts due to Sovereign. This will have a similar result to what has occurred in practice concerning the operation of the original Scheme Administrators' discretion to decline to admit claims under the Original Sovereign Scheme as detailed above.

6.1.3 Stay of proceedings

Except in relation to Protected Scheme Claims (where the existing stay on proceedings will continue), the stay on proceedings by Scheme Creditors imposed by the Original Sovereign Scheme will be replaced by a more general stay which, in effect, channels all claims through the claims valuation process provided for by the Scheme. This is the corollary of moving from a "reserving" scheme to a "cut-off" scheme.

The stay which will apply in respect of Protected Scheme Claims is substantially in the form which applied generally under the Original Sovereign Scheme. The stay is lifted six months after the Scheme Manager, or its successor with responsibility for dealing with Protected Scheme Claims, has received documents prescribed by the Scheme which should be sufficient for a Protected Scheme Claim to be agreed.

6.1.4 Payment Percentage

Payments to Sovereign's Scheme Creditors in respect of Net Ascertained Claims will be at a Payment Percentage, as described at Section 5.12 of the Explanatory Statement. As the Payment Percentage will be determined by reference to Sovereign's available assets, the Scheme Administrators will have the power to suspend payments under the Scheme for such period as they consider appropriate if information becomes available to them concerning the financial position of Sovereign as a result of which they need to consider whether or not to set a reduced Payment Percentage. As soon as practicable during, and in any event at the end of, such

period, the Scheme Administrators will be required to set a reduced Payment Percentage or conclude that the Payment Percentage need not be reduced following which the suspension of payments shall be lifted.

6.1.5 The Scheme Administrators and the Creditors' Committee

Sovereign's Scheme Administrators and Creditors' Committee will remain in place. The provisions relating to the Scheme Administrators and the Creditors' Committee remain largely unamended from the corresponding provisions in the Original Sovereign Scheme, with some exceptions stream-lining the decision-making processes involving the Creditors' Committee. The Scheme Administrators are licensed insolvency practitioners and are required to act in good faith and with reasonable care in the interests of Sovereign's Scheme Creditors as a whole.

The duties and functions of the Scheme Administrators will be set out in clauses 13.3 and 13.4.1. These duties and any liabilities of the Scheme Administrators under the Scheme will be limited by clause 13.4. As one of the effects of moving from a reserving scheme to a cut-off scheme will be an earlier closure of Sovereign's estate, the fees payable to the Scheme Administrators are likely to be less overall than if Sovereign were to continue in run-off.

The duties and functions of the Creditors' Committee will be set out in clauses 14.3 to 14.6. These duties and any liabilities of the Creditors' Committee under the Scheme will be limited by clauses 14.6 and 14.7.

The Scheme Administrators, their Employees and Delegates, the Creditors' Committee and the directors of Sovereign will each be entitled to an indemnity out of the assets of Sovereign in relation to certain Liabilities arising under the Scheme as set out in clauses 13.4.5 and 13.4.6, 14.6.2 and 14.6.3 and 15.1.6 and 15.1.7 respectively. Sovereign may also, with the approval of the Creditors' Committee, purchase and maintain insurance against such Liabilities for the benefit of the indemnified parties.

There will be no Scheme Adviser in relation to Sovereign - this role applies only to the solvent Scheme Companies.

6.1.6 Effect of insolvency

In the unlikely event that Sovereign were to go into liquidation or become subject to any other insolvency proceeding, the Scheme is expressed to continue so far as the law permits. If the Scheme Administrators were to consider that they could not, by

reason of an Insolvency Event, continue to fulfil their functions under the Scheme, they would be able to vacate office. The order of priority of payments set out in clause 16.3 to the extent they would be applicable, would then bind a liquidator as a consequence of the Insurers (Reorganisation and Winding Up) Regulations 2004.

6.2 The Policyholders Protection Act 1975

Protected Policyholders may be eligible to receive payments from the FSCS in respect of Protected Scheme Claims pursuant to the Policyholders Protection Act 1975 and the Financial Services and Markets Act 2000.

The Policyholders Protection Board (the "**PPB**") agreed to be bound by and to participate in the Original Sovereign Scheme. The PPB participated in the Original Sovereign Scheme on the basis that once a Scheme Claim had become an "Established Scheme Liability" (as defined in the Original Sovereign Scheme) and a payment had been made by Sovereign at the prevailing Payment Percentage, subject to the PPB being satisfied that the claim in question was eligible to receive compensation payments from it, it would "top up" the payment made by Sovereign to the "Protected Percentage" (the maximum percentage which it would be statutorily obliged to pay if Sovereign had been placed in liquidation) in consideration for taking an assignment of the Protected Policyholder's Scheme Claim, including the right to receive further payments from Sovereign in respect of it in the event that the Payment Percentage were increased.

The Policyholders Protection Act 1975 was repealed by the Financial Services and Markets Act 2000 (Consequential Amendments and Repeals) Order 2001. The statutory functions of the PPB have been transferred to the FSCS, which has participated in the Original Sovereign Scheme as the successor of the PPB.

The FSCS has agreed to the amendment of the Original Sovereign Scheme and to be bound by and to continue to participate in the Original Sovereign Scheme amended, subject to the approval of Scheme Creditors, so as to take the form of the Scheme. The basis of participation of the FSCS in the Scheme will not differ substantially from its participation in the Original Sovereign Scheme, as far as the exercise of its compensation functions are concerned and thus there should be no substantive difference in so far as Protected Policyholders should continue to receive the Protected Percentage of their Scheme Claims after they have fallen due for payment in the ordinary course of business.

A significant difference between the form of the Original Sovereign Scheme and the amendment contained in the Scheme is that, under the Scheme, Protected Policyholders will no longer receive payments from Sovereign. Instead, once a present obligation of Sovereign

to pay an ascertained sum of money has been established in respect of a Protected Scheme Claim and the FSCS has accepted it is eligible for protection, the FSCS will pay the Protected Percentage of the Scheme Claim - being an Agreed Protected Claim - to the Protected Policyholder. Payment will generally be made by the FSCS in the currency of the claim, subject to the Capped Sterling Equivalent as provided in clause 12.2.3.

In consideration of agreeing to do this, the FSCS will be eligible to receive the Payment Percentage from Sovereign in respect of the "FSCS Amount". The FSCS Amount will be an estimate of the aggregate value of Agreed Protected Claims in respect of which it will or might be required to make compensation payments in the future. The FSCS Amount will be an amount agreed between the Scheme Administrators and the FSCS calculated with reference to the available information regarding "Protected Scheme Claims" (including those Scheme Claims with the potential to become Agreed Protected Claims), including that contained on Claim Forms submitted prior to the Bar Date.

The Bar Date under the Scheme will not apply to Protected Scheme Claims. A Scheme Creditor will be entitled to receive compensation payments from the FSCS in respect of a Protected Scheme Claim which has become an Agreed Protected Claim, subject to the terms of the Scheme, whenever it falls due for payment, whether before or after the Bar Date, and whether or not it was included on a Claim Form submitted by the Scheme Creditor before the Bar Date.

Although the failure to complete and return a Claim Form will be without prejudice to the right of a Scheme Creditor to receive compensation payments from the FSCS in respect of an Agreed Protected Claim, it is in the best interests of Scheme Creditors to submit a Claim Form before the Bar Date in case there is any question as to whether the Scheme Claim is a Protected Scheme Claim and hence could mature into an Agreed Protected Claim. Scheme Creditors are strongly urged to submit Claim Forms prior to the Bar Date.

If a Scheme Claim has been submitted to the Scheme Manager as a Protected Scheme Claim and taken into account in calculating the FSCS Amount, but when it matures it transpires that it is not an Agreed Protected Claim, the FSCS is obliged under the terms of the Scheme to pay over the amount it received from Sovereign in respect of the part of the FSCS Amount represented by the Scheme Claim in question to the Scheme Creditor concerned. If the Scheme Creditor has not submitted a Claim Form and its Scheme Claim is not an Agreed Protected Claim, it will have no right to payment from either Sovereign or the FSCS.

If there is doubt as to whether a Scheme Claim which is submitted on a Claim Form in accordance with the Scheme before the Bar Date and which has not yet fallen due for

payment is a Protected Scheme Claim, the Scheme Creditor may elect to disclaim any right of compensation from the FSCS and instead receive the Payment Percentage on an estimate of the value of his Scheme Claim in the same way as other Scheme Creditors. The consequence of a Scheme Creditor electing to be treated in this way is that he will not subsequently be entitled to receive compensation from the FSCS.

Under the Scheme, until the "Completion Date" the Scheme Administrators will procure that the Scheme Manager handles Protected Scheme Claims for the purposes of establishing Sovereign's liability (if any) in respect of them and that they have fallen due for payment (although the FSCS will ultimately determine whether or not such claims are Agreed Protected Claims and eligible for compensation). After the Completion Date Sovereign's claims handling rights will be transferred to the FSCS, which will be responsible for the terms on which the Scheme Manager or any other person continues to fulfil that role.

The FSCS's obligations and a summary of certain provisions of the Policyholders Protection Act appear in Schedule VII at pages 111 to 117.

Entitlement to protection under the Policyholders Protection Act is ultimately a matter for the FSCS and nothing in this document is to be taken as an acceptance or admission by the FSCS that a Scheme Creditor is or would have been entitled to protection under the Policyholders Protection Act.

Policyholders who believe they may be entitled to the benefit of protection under the Policyholders Protection Act should contact the FSCS at the address appearing at page iii. If you are in any doubt as to whether you are a Protected Policyholder you should consult your own legal adviser without delay.

The FSCS is only required under the Scheme to make payments to Protected Policyholders in respect of Agreed Protected Claims. No payments will be made by the FSCS in respect of outstanding claims or IBNR claims, unless and until such claims become Agreed Protected Claims.

A Protected Policyholder of Sovereign in respect of a Protected Scheme Claim may also be a Scheme Creditor of the other Scheme Companies in respect of the same underlying claim. There will be no right to compensation from the FSCS in respect of the claim as against the other Scheme Companies because they are solvent, and so in respect of the solvent Scheme Companies a Protected Policyholder of Sovereign will have an ordinary Scheme Claim. Insofar as it is not an agreed claim, it will be subject to the estimation of its value, with reference to which payment will be made by the solvent Scheme Companies. In order to be

eligible for payment, the claim must be included on a Claim Form submitted to the solvent Scheme Companies before the Bar Date.

6.3 Completion and release

The Scheme contains a mechanism for it to be certified complete in respect of all Scheme Claims, other than any remaining Protected Scheme Claims. In practice, this is likely to occur when a Valuation Statement has become final and binding in respect of each Scheme Creditor, the Payment Percentage has been paid (or deemed to have been paid) in respect of each such Valuation Statement on which there is a Net Ascertained Claim, and there is no reasonable prospect of an increase in the Payment Percentage, having regard to the establishment of the Post-Completion Trust referred to below.

When they have received notice from the Scheme Manager that it believes that the Scheme has been so implemented, the Scheme Administrators will, with the agreement of the Creditors' Committee, determine a proposed Completion Date and send all Scheme Creditors who were entitled to receive a Valuation Statement notice of the proposed Completion Date at least 56 days before that date.

The Completion Date will not apply to any Scheme Creditor who notifies the Scheme Administrators that it considers the Scheme has not been implemented in respect of its Scheme Claims until the matter has been investigated and resolved by the Scheme Administrators.

The Scheme provides for a release, so far as the law permits and except in cases of fraud or dishonesty, of all Liabilities and obligations of the Sovereign Released Parties pursuant to or in connection with the Scheme with effect from the Completion Date. The Sovereign Released Parties are Sovereign and any past or present Scheme Administrator, Scheme Manager, Scheme Actuary, Actuarial Adjudicator, Scheme Adjudicator, Chairman of ARIAS UK (and ARIAS UK itself) Scheme Conflicts Administrator, Committee Member, Nominated Representative, Alternate, FSCS Representative, FSCS Alternate (and any PPB Representative or PPB Alternate under the Original Sovereign Scheme), including any Delegate, Employee or alternate, under the Original Sovereign Scheme or the Scheme, together with any director of Sovereign holding office since the Record Date in the respect of the period since the Record Date, in each case in their capacities as such. With effect from the Completion Date the Scheme Administrators shall be entitled to vacate their office.

The Scheme also provides for the establishment of a Post-Completion Trust, or for funds to be otherwise set aside, to meet any possible future obligations of Sovereign, including any in respect of any indemnity granted under the Scheme to any other Sovereign Released Party.

The Post-Completion Trust will provide for the distribution of the residue of the assets in it to Scheme Creditors when the trustees determine that the assets are not required to meet any other obligations. The precise amount and duration of any Post-Completion Trust to be established has not yet been ascertained and will be determined by the Scheme Administrators during the course of the Scheme. Setting aside such monies will reduce the Payment Percentage that can be distributed to Scheme Creditors in the short term, however, it is unlikely that the overall amount set aside will exceed 3% of the total Net Ascertained Claims against Sovereign. The trust is likely to terminate shortly after the expiry of any limitation period during which Scheme Creditors could make any claim, although it could be terminated sooner. Any residue will be distributed to Sovereign Scheme Creditors, or a charity if the costs of distribution outweigh the level of the residue.

Scheme Creditors should be aware that under the Original Sovereign Scheme, the Scheme Administrators have a power to set aside funds before calculating the level of Payment Percentage payable to cover any potential Liabilities of Sovereign, including the indemnities which Sovereign provided to the Scheme Administrators and other scheme personnel under the Original Sovereign Scheme. The benefit of the trust mechanism under this Scheme is that it allows the Scheme Administrators to set aside funds without having to remain in office, thus reducing the costs of administering the Scheme.

The Scheme also provides for a release, so far as the law permits and except in cases of fraud and dishonesty, of all obligations and Liabilities of the Sovereign Released Parties (with the exception of Sovereign) and the creation of a Post-Completion Trust as referred to above in the event that the Scheme Administrators reasonably consider, following consultation with the Creditors' Committee, that they cannot, by reason of a liquidation or other Insolvency Event, continue to fulfil their functions under the Scheme as detailed in Section 6.1.6 above. The remaining assets of Sovereign would then fall to be dealt with as set out in Section 6.1.6 above. The Scheme Administrators shall also be entitled to vacate their office.

7. HOW WILL THE ESTIMATION METHODOLOGY WORK?

7.1 Introduction

Purpose and scope

The purpose of this section is to provide a summary of key features of the Estimation Methodology that the Scheme Actuary will use to value the actuarially determined element of the Scheme Claims of Scheme Creditors pursuant to the Scheme, including incurred but not reported Scheme Claims.

As well as describing the methodology that the Scheme Actuary will apply to Scheme Claims that are referred to him, the Estimation Methodology document (which is at Appendix B to the Scheme, at pages 280 to 332) also provides an indication of the types of methods that Scheme Creditors might consider applying themselves in deriving the values for such Scheme Claims that they wish to submit as part of the Scheme process. It also provides guidelines for appropriate supporting documentation in relation to IBNR claims.

If at any stage of the process, either before voting, or before the submission of their Claim Form, a Scheme Creditor has any questions relating to the possible future application of the Estimation Methodology to their Scheme Claim, then they should contact the Scheme Manager who will be pleased to assist them (see page iii for contact details).

Role of Scheme Actuary

The Scheme Actuary will apply the Estimation Methodology in circumstances where the Scheme Manager and the Scheme Creditor have been unable to agree matters covered by the Estimation Methodology. Scheme Creditors may also propose their own methodology for use by the Scheme Actuary, as explained further in Section 7.3 below.

Scheme Creditors are able to challenge the proper application of the Estimation Methodology, but not the Estimation Methodology itself. Scheme Creditors can ask for a disputed valuation by the Scheme Actuary to be referred to the Actuarial Adjudicator, who will review whether the Estimation Methodology was applied correctly by the Scheme Actuary, including any decision of the Scheme Actuary as to whether to adopt a Scheme Creditor's own methodology (see section 5.7 for a fuller description of the process). Scheme Companies will not be permitted to challenge the Estimation Methodology and will be bound by its application by the Scheme Actuary or the Actuarial Adjudicator (if the latter has decided that the Estimation Methodology should be applied differently to its application by the Scheme Actuary).

7.2 Estimation Methodology

Introduction

This section provides a summary of the methods that the Scheme Actuary will apply, by business/claim type, in order to derive an estimate of the value of the Scheme Claims that are submitted to him for review. Details of the methods by claim type are given in the Estimation Methodology.

Method for US and Non-US Asbestos, Environmental Pollution and Health Hazard ("APH") - Direct and Facultative reinsurance

Ground-up exposure analysis, allowing for estimation of total claim amounts, allocated across years of coverage and to the Scheme Creditor's Insurance Contracts.

The methodology for Non-US APH direct/facultative will be similar to the descriptions in the Estimation Methodology for US APH, modified to reflect the specific circumstances of the relevant territory.

Method for US and Non-US APH - Excess of Loss and Proportional reinsurance

Exposure-based projection of individual underlying direct loss estimates (as they affect the underlying direct or reinsurance policies written by the Scheme Creditors) aggregated appropriately and then applied to the relevant Scheme Creditor's Insurance Contracts.

Alternatively, if suitable data is not available, then appropriate benchmark burn factors, survival and/or IBNR to outstanding ratios and/or ultimate to paid or incurred claim ratios will be used.

The methodology for Non-US APH treaty will be similar to the descriptions in the Estimation Methodology for US APH treaty, modified to reflect the specific circumstances of the relevant territory.

Method for Direct and Treaty Non-APH "classes of business"

Appropriate development factors (and/or loss ratios) will be derived by application of standard actuarial techniques, such as the link ratio (or chain ladder) method to claims development triangles. These factors will either be derived from relevant data supplied by the Scheme Creditor, or from other appropriate data for the relevant classes of business.

For individual loss events (e.g. individual catastrophes) the above approach will be modified to either use:

- (a) projection to ultimate of the Scheme Creditor's underlying gross loss development for each event, the results of which are then applied to the relevant Scheme Creditor's Insurance Contracts; or
- (b) projection to ultimate of the loss development for each event as it affects each of the relevant Scheme Creditor's Insurance Contracts. Alternatively, if suitable data is not available, then:
- (c) application of benchmark factors for each event to the Scheme Creditor's data for that event (e.g. benchmark ultimate to paid/incurred claims ratio and/or IBNR-to-outstanding claims ratio for that event multiplied by the paid/incurred and/or outstanding claims for that event under the relevant Scheme Creditor's Insurance Contracts).

In some cases, the above approach may need modifying, to consider:

- (a) details of known individual claims, including consideration of associated loss adjuster or attorney reports; and/or
- (b) loss emergence patterns (i.e. number and amount of claims that have emerged in the past for the relevant policies).

7.3 Additional points

In situations where the Scheme Creditor has applied its own methodology in order to estimate IBNR, and provided details of it, the Scheme Actuary will use his judgment to assess the reasonableness of the methodology employed by the Scheme Creditor, as compared to the methodology for the relevant claim type(s) set out in the Estimation Methodology. The Estimation Methodology sets out the principles that the Scheme Actuary will apply to assess the reasonableness of a Scheme Creditor's own methodology.

If the Scheme Actuary believes that a Scheme Creditor's methodology is more appropriate than the corresponding methodology in the Estimation Methodology, then the Scheme Actuary will proceed to review the detailed application of the Scheme Creditor's methodology, including the reasonableness of all the assumptions.

In some cases, the Scheme Actuary may select results based on a combination of results produced by the application of the Scheme Creditor's methodology, and those produced by application of the relevant section(s) of the Estimation Methodology.

The Estimation Methodology focuses mainly on the estimation of IBNR claims. However, in some cases it may be appropriate for the Scheme Actuary to apply the Estimation

Methodology to calculate the reserve value - outstanding claims plus IBNR claims. It may also be appropriate in some cases for him to calculate the ultimate claims - outstanding claims plus IBNR claims plus paid claims (as defined in the Estimation Methodology).

For all claim types where required data is not available, the Scheme Actuary will use his judgment in deciding on an appropriate methodology to apply in order to derive an estimate of IBNR claims, which in some cases may be zero, particularly if limited supporting data is available. In all cases, the Scheme Actuary will document his rationale for selection of a particular methodology and set of assumptions.

For Scheme Creditors' policies with claim types that have little or no claims history at the date of submission of claims under the Scheme, but where the Scheme Creditor wishes to assert an IBNR claim, the approaches outlined in the Estimation Methodology may need some modification to reflect the specific circumstances of the submitted claim. However, as for other policies and claim types, it will be advisable for Scheme Creditors to submit details of their own methodology for estimating their claim. In considering the suitability of such methodology, and hence the amount of IBNR claimed, the Scheme Actuary will apply certain principles to test for reasonableness. In particular, for policies where there are no specific known underlying losses that can be projected (such as direct policies where there are no reported losses in any year) then those principles will include the following:

- (a) For direct insurance exposures (as opposed to reinsurance), there should be a demonstrable link between the claim type(s) being claimed and the business activities of the Scheme Creditor. Scheme Creditors should supply details linking their business activities with the claim type(s) being claimed (e.g. details of products manufactured by Scheme Creditors and the types of claim that may be associated with these products). For reinsurance exposures, there should similarly be a link between the business activities of the entity(ies) insured by the Scheme Creditor and the claim type(s) being claimed.
- (b) The selected assumptions should be based on a rational and unbiased analysis (of the Scheme Creditor's own, and where appropriate relevant wider market information), and not simply set at the extremes of possible ranges for those assumptions.
- (c) Where an exposure-based approach has been used, then, in the case of personal-injury based direct claims, it should begin with reasonable assumptions regarding the population of exposed persons, the proportion that will ultimately claim and the likely size of these claims.

- (d) Exposure to selected claim types or sources of claim should be based upon recognised sources.
- (e) When the results are "grossed-up" to be at an industry or country-wide level, they should be plausible, based on current known information. In other words, if the Scheme Actuary were to take the estimates for the Scheme Creditor's policies and divide them by an appropriate market share percentage, then the resulting industry or country-wide figure should be plausible.

7.4 Deriving a net present value

Once the inwards outstanding claims and IBNR claims have been ascertained, they will be discounted to the Ascertainment Date to take account of the time value of money. The discount factors to be applied depend on rates of interest and claims development (i.e. payment) patterns, as explained in the Estimation Methodology. The discount factors set out in Attachment H to the Estimation Methodology will be applied to outstanding claims and IBNR unless the Scheme Creditor supplies further information relating to payment patterns specific to their Scheme Claim, which would have a material impact on the discount factors. Adjustments will be made to allow for the delay between the Ascertainment Date and the date of the Valuation Statement. The overall effect of these adjustments will be to discount the reserve as at the Valuation Statement date. In effect, only payments projected to be made after the Valuation Statement date will be subject to discount for future investment income.

7.5 Statement of Actuarial Adjudicator

The Estimation Methodology has been peer-reviewed by the Actuarial Adjudicator and his letter approving the approach adopted therein is included at Schedule VIII at page 118.

8. OTHER QUESTIONS AND ANSWERS

8.1 What commercial benefit do I get from this Scheme in return for losing cover under my policies?

With regard to Sovereign, its Scheme Administrators' analysis indicates that if all of the Schemes are approved together, this will result in Sovereign's Scheme Creditors receiving more than they would if the run-off under the Original Sovereign Scheme were to continue, or if Sovereign were to close separately from the solvent Scheme Companies.

Scheme Creditors will also benefit from the ease of administration provided by the Scheme - the opportunity to submit a single Claim Form rather than reporting on an ongoing basis, possibly to different entities if the WFUM Pools were to fragment. Payment of claims will be made earlier than would be the case if the WFUM Pools were to continue in run-off, and claims values will be paid in full by the solvent Scheme Companies (at the amount of the valuation under the Scheme).

8.2 What has been done to take soundings from policyholders and cedants affected by the Scheme?

Significant creditors of the Scheme Companies have been consulted on the Scheme throughout its development. Although of course it has not been possible to speak to every creditor, many creditors, covering representative groups of the creditor population including most of the major creditors of the Scheme Companies, have been contacted and feedback from those Scheme Creditors has been taken into account in the design of the Scheme.

Additionally, Sovereign's Scheme Administrators have undertaken a thorough consultation process with Sovereign's current Creditors' Committee. The current Creditors' Committee has provided detailed feedback on Sovereign's Scheme and this feedback has been taken into account in drafting and designing the Scheme.

8.3 What happens if a Scheme is approved for some of the Scheme Companies, but not all of them?

The Schemes are not legally dependent upon one another. However, the Scheme Companies intend that all of the Schemes are implemented together as one unified process. If one or more Scheme Companies fail to achieve the necessary voting majorities for the approval of its Scheme, the fragmentation of the WFUM Pools which would result is likely to inconvenience creditors of, as well as participants in, the WFUM Pools. Claims handling will become significantly more difficult. Those Scheme Creditors who are also reinsurers of the WFUM Pools will find that calculations of their net entitlement from the participants will be very complex.

It is likely that if all the Scheme Companies' Schemes are not implemented simultaneously, the ultimate dividend which Sovereign will be able to pay Scheme Creditors will be adversely affected.

8.4 What features does this Scheme provide to assist policyholders?

Every effort has been made to ensure that the Scheme treats Scheme Creditors fairly and addresses their potential concerns. As well as receiving direct feedback from creditors, the Scheme takes into account developments in recent solvent schemes. The pre-Scheme process (including the voting procedure) has been designed with creditor concerns in mind and the Scheme itself has a number of features which have been specifically included in response to creditors' comments. Some of these features include:

- Scheme Creditors were given early information on the intention to propose a scheme, and invited to obtain a username and Website Password for their secure area of the Website, which contains details of their Insurance Contracts and Unpaid Agreed Claims;
- the Chairman of the Meetings of Scheme Creditors will be an independent person;
- if the value of claims for voting purposes at the Meetings of Scheme Creditors to vote on the Scheme is disputed, it will be assessed in an independent vote adjudication process by the proposed Scheme Actuary, who will not be aware, when making his determination, of how the Scheme Creditor has cast its vote on the Scheme;
- details of Insurance Contracts as recorded on the Scheme Manager's systems under which Scheme Creditors may have a claim are set out in the Voting Forms and the Claim Forms, to make it as easy as possible for creditors to identify policies and submit claims;
- to assist Scheme Creditors in making their claim, Claim Forms may be accessed and filled in online by way of the Website which contains a mechanism to allocate claims across the Scheme Companies. Details of Insurance Contracts and claims data entered by the Scheme Creditor on the Website at the voting stage will (if provided at detailed claim level) be migrated by the Scheme Manager to Claim Forms to simplify submission of Scheme Claims;
- Scheme Creditors have the right to ask the Scheme Advisers to investigate whether the Scheme is being operated in accordance with its terms. If it is not, Scheme Advisers will report that fact;

- the Estimation Methodology (used if the Scheme Creditor is unable to agree the value of its Scheme Claim with the Scheme Manager) is fully set out in the Scheme. Where the Scheme Actuary considers it is more appropriate than the equivalent in the Estimation Methodology itself, the Scheme Actuary will be required to adopt a Scheme Creditor's methodology for valuing relevant elements of Scheme Claims;
- the Scheme uses an independent Actuarial Adjudicator to ensure that the Estimation Methodology is applied correctly;
- the choice of Scheme Adjudicator is, in the first instance, a matter for agreement between the relevant Scheme Creditor and the Scheme Manager. Failing agreement, a Scheme Adjudicator will be appointed by the Chairman of ARIAS UK;
- a Scheme Creditor cannot be asked to pay the costs of Adjudication or Actuarial Adjudication unless it has acted in bad faith, vexatiously, wantonly or for oppressive reasons;
- there will be an open exchange of submissions under the adjudication procedures;
- the Scheme does not contain a clause allowing the Scheme Companies to "revert to run-off", so Scheme Creditors can be sure that if the Scheme becomes effective, it will remain effective until it completes its process;
- there is a duty on Scheme Companies and the Scheme Manager to co-operate with Scheme Creditors and warrant that any information they supply is accurate - thus mirroring the duty on Scheme Creditors; and
- both the time at which this Scheme is to be proposed and the time limits within it are intended to make the process of claiming as easy as possible for Scheme Creditors.

8.5 Could a Scheme Company revert to run-off once its Scheme has commenced?

No. The Scheme contains no provision which would enable a Scheme Company to do so.

8.6 Are there any contingent fee arrangements for the Scheme Advisers and those with roles under the Scheme?

No.

8.7 Is any non-WFUM Pools business being included within the scope of this Scheme?

Yes - Sovereign and its subsidiaries, Sovereign UK and Greyfriars, are including all of their business in the Scheme, which includes some non-WFUM Pools business. This business is described in Schedule I at pages 67 to 69.

8.8 Will I have enough time to submit my claim?

There will be a 180-day period for submission of claims from the date on which the Scheme becomes effective. You may amend or add to your Claim Form until 11.59pm in the UK on the Bar Date at which point your Claim Form must be submitted and received by the Scheme Manager either on the Website or by e-mail, fax or post. In addition, you may view information on the Website and begin to work on and submit Scheme Claims before the Scheme becomes effective, giving you a lengthy period within which to submit claims information. Information entered on the Website during the period prior to the Scheme becoming effective will, provided that it is entered at a detailed claim level, be automatically inserted on your Claim Form. The process of submitting claims information "opened" on 2 December 2005 when a letter was sent to all known Scheme Creditors inviting them to contact PRO for a Website Password and username to enable them to access their secure part of the Website. A copy of that letter is available on the Website. Therefore, as at the Bar Date, Scheme Creditors will have had a period of over 17 months within which to collate and present their Scheme Claims.

8.9 What happens to Unpaid Agreed Claims if I do not submit my claim by the Bar Date?

Even if a Claim Form is not submitted by a Scheme Creditor by the Bar Date, the Claim Form as made available by the Scheme Manager to the Scheme Creditor (which will include Unpaid Agreed Claims) will be deemed to have been submitted on the Bar Date. Scheme Creditors will not, therefore, lose their right to receive payment in respect of Unpaid Agreed Claims even if they do not submit a Claim Form by the Bar Date. Additionally, Unpaid Agreed Claims will not be subject to any time bar defences.

Sovereign's Protected Policyholders are not affected by the Bar Date.

8.10 How can I be sure that my Scheme Claim will be valued fairly?

The data on the Claim Forms and the supporting evidence will be reviewed by the Scheme Manager. The Scheme Manager and Scheme Creditor have up to 182 days, effectively six months from the Bar Date, to reach agreement on the value of Scheme Claims. Both the Scheme Manager and a Scheme Creditor have a duty to co-operate with each other in trying to reach a mutually agreed value for Scheme Claims.

If there is a dispute with regard to a Scheme Claim as to fact or law it can be passed to a Scheme Adjudicator for determination. Each party can make submissions to this adjudicator and see submissions made by the other. The choice of a Scheme Adjudicator is a matter for the parties, although if they cannot agree on a nominee, the Scheme Manager will request that

the Chairman of ARIAS UK appoints a Scheme Adjudicator in accordance with the Scheme's requirements.

If you and the Scheme Manager cannot reach agreement within 182 days of the Bar Date as to the valuation of IBNR and outstanding elements of your Scheme Claim, and once any factual or legal issues affecting it have been resolved by agreement or Adjudication, these elements of your claim will be valued by the Scheme Actuary, a recognised expert in the insurance market. The Scheme Actuary will use the detailed Estimation Methodology for valuing disputed Scheme Claims. The Estimation Methodology is set out at Appendix B to the Scheme at pages 280 to 332. However, if you have applied your own methodology to valuing your Scheme Claim and the Scheme Actuary considers that it is more appropriate in the circumstances than the Scheme's Estimation Methodology, the Estimation Methodology requires the Scheme Actuary to take this into account.

If you do not agree with the Scheme Actuary's valuation of your Scheme Claim, your claim will be referred to an independent Actuarial Adjudicator who will decide whether the Estimation Methodology was correctly applied.

8.11 What about discounting?

To reflect the time value of money, the Estimation Methodology provides for discounting of future obligations back to the Ascertainment Date, 31 December 2005. The amount of the discount which applies to the period between the Ascertainment Date and the date of the Valuation Statement will be added back to your agreed claim value to reflect this period. Details of the proposed discount factors can be found in the Estimation Methodology at page 332 of the Scheme.

8.12 What happens if I cannot agree my valuation with the Scheme Actuary?

The Estimation Methodology has been set out in considerable detail. It includes an ability to adopt a Scheme Creditor's own methodology where appropriate.

When a valuation has been carried out using the Estimation Methodology, you will be sent a statement of that valuation by the Scheme Actuary. You may object to the value on the grounds either that there is a Manifest Error in the statement or that the Estimation Methodology has not been correctly applied. Manifest Errors will be corrected by the Scheme Manager.

If you consider that the Scheme Actuary has not applied the Estimation Methodology correctly, your Scheme Claim will be submitted to the independent Actuarial Adjudicator, Peter Matthews of EMB Consultancy LLP, who must decide whether the Estimation

Methodology was properly applied by the Scheme Actuary. If the Actuarial Adjudicator considers that the Estimation Methodology was not properly applied, he will reapply it to produce a binding value which cannot be appealed further, except as the law allows.

8.13 I am also a reinsurer. How does the Scheme apply to me?

Scheme Claims valued under the Scheme will be used to establish outward reinsurance claims values for set-off with Scheme Creditors who also reinsure the WFUM Pools.

The reinsurance claims will be discounted to reflect the time value of money. Undiscounted Agreed Claims will be processed through the reinsurance programme and discounting, at the rates in the Estimation Methodology, will be applied to the resulting value where appropriate. Scheme Creditors which are Reinsurers will also be given the opportunity to review and, if necessary, dispute the calculation of the reinsurance claims against them. However, this review and dispute does not extend to challenging the valuation of the inwards claims values that have become binding or such values being applied to contracts by which the Scheme Company is reinsured in respect of such agreed claims for the purposes of set-off.

8.14 Since I cannot take Proceedings against the Scheme Companies to pursue my claims, how do I know they will follow the terms of the Scheme?

Although there is a general stay on Proceedings, a Scheme Creditor may take Proceedings against a Scheme Company if it fails to pay their Net Ascertained Claim in accordance with the terms of the Scheme.

Furthermore, each Scheme Company (other than Sovereign) has appointed either KPMG LLP or PricewaterhouseCoopers LLP as its Scheme Adviser to advise it on implementation of the Scheme in accordance with its terms (see Appendix F to the Scheme). Scheme Creditors are entitled to notify the Scheme Advisers if they have a concern that the Scheme is not being operated in accordance with its terms. The Scheme Adviser will review and investigate such a complaint, and inform the Scheme Manager (with a copy to the Scheme Creditor) of whether they consider it justified. The Scheme Adviser will also advise the Scheme Company and Scheme Manager on the steps which need to be taken to rectify the situation, if any. If the Scheme Manager does not follow their advice or remedy the matter, the Scheme Adviser will send written notice to the Scheme Company, copied to the relevant Scheme Creditor, stating that in its view the Scheme is not being operated in accordance with its terms.

For Sovereign, the Scheme will be administered by the Scheme Administrators who are licensed insolvency practitioners. Their duties are as set out in the Scheme.

8.15 How independent are the people valuing my claim?

Your claim will initially be valued by the Scheme Manager, PRO. Although it is not independent, having carried out the run-off for the WFUM Pools since 1998, it is a professional and well-regarded run-off agent in the market. Where there are disputes about fact or law relating to a Scheme Claim, they will be referred directly to a Scheme Adjudicator as explained in section 8.10 above.

There is no pre-appointed Scheme Adjudicator under the Scheme, so Scheme Creditors can either agree on a candidate with the Scheme Manager or, failing that, rely on ARIAS UK to nominate one.

Where the Scheme Manager and Scheme Creditor cannot reach a mutually acceptable valuation for claims which can be valued by the Estimation Methodology, these will be referred to the Scheme Actuary for valuation. The Scheme Actuary, David Hindley of Deloitte & Touche LLP (or Esmee Robinson of PricewaterhouseCoopers LLP in relation to Continental only), is also contracted to the Scheme Companies, but as an actuary is bound by the professional standards of the Institute of Actuaries and is required under the Scheme to act in good faith and with due care and diligence. Failing agreement under these processes, disputes over the application of the Estimation Methodology will be referred to the independent Actuarial Adjudicator, Peter Matthews of EMB Consultancy LLP.

For the avoidance of doubt, none of the adjudicators, Scheme Actuary, Scheme Advisers or the Scheme Manager has any contingent fee arrangements in place in respect of the operation of the Scheme.

8.16 When will I be paid?

The solvent Scheme Companies:

It depends. The Scheme includes the flexibility to make payment to creditors at an early stage; and as a general principle, payment by all Scheme Companies other than Sovereign must be made within 42 days of the relevant Valuation Statement becoming binding.

In practice, in relation to direct creditors (and all Scheme Creditors who are not reinsurers of a Scheme Company), it is feasible that payments could be made as early as 42 days after the Scheme becoming effective, should a claim be immediately submitted by the Scheme Creditor and agreed by the Scheme Manager after the Effective Date.

Where the Scheme Creditor is also a reinsurer of the Scheme Company, its Scheme Debts will be calculated with reference to the value of the Scheme Claims agreed by the Scheme

Manager under the Scheme, which will mean that it will take longer for its Valuation Statement to be issued. However, the option to agree in writing a Net Ascertained Claim via a commutation with the Scheme Manager (and thereby shorten this process) is available at any point after the Effective Date. Amounts agreed by way of commutation will also be paid within 42 days of their agreement.

If Scheme Creditors fully utilise the available time set out in the Scheme to agree their Net Ascertained Claim, without invoking any of the adjudication processes or extending any time frames laid out in the scheme, then payment would be made by the Scheme Companies other than Sovereign approximately 12 months after the Bar Date - slightly earlier for direct creditors, slightly later for creditors who also reinsure the WFUM Pools.

Early submission of a Claim Form, enabling the Scheme Manager to begin the process of agreement prior to the Bar Date, could result in payment being made to you sooner.

Sovereign:

Due to its insolvency and the need to realise the value in its subsidiaries as well as other factors, Sovereign may need to review its Payment Percentage after the Bar Date. It will make payments of dividends later than the payments made by Solvent Scheme Companies. The Scheme provides that Sovereign's payments will be made up to the later of 105 days after either the relevant Valuation Statement has become binding, or after the date on which the Payment Percentage has been increased.

8.17 What should I do now?

Information regarding contracts recorded on the prospective Scheme Manager's systems is already available on the Website and, to the extent that they have not already done so, Scheme Creditors can begin to work on and calculate their Scheme Claims for voting purposes on the Website. The Voting and Proxy Forms and Claim Forms will contain the Scheme Companies' records of known Insurance Contracts and Unpaid Agreed Claims under them for that Scheme Creditor. Although values used for voting purposes are not binding in the Scheme itself, information provided for voting on the Website will, so far as possible, be migrated to the Claim Forms on the Website. This means that data should not have to be submitted twice and that Scheme Creditors will have an extended period during which to submit claims information. The Claim Forms will be available for completion for a period of six months from the Effective Date, and this, coupled with the lengthy period during which the Website was available prior to the Scheme becoming effective, should, it is intended, be sufficient to enable Scheme Creditors to submit their Scheme Claims.

8.18 How can you find out more about the Scheme and ask questions?

To find out more please either:

- visit the Website at www.wfumpools.com;
- e-mail the Scheme Manager at pro_wfumpools@pro-ltd.co.uk;
- phone the Scheme helpline on +44 (0)1452 523 426.

SCHEDULE I

History of the WFUM Pools and description of the business to be included in the Scheme

1. History of Sovereign and the WFUM Pools

Sovereign was incorporated on 8 March 1880 as The British and Irish Plate Glass Insurance Company Limited, initially to insure plate glass. In 1900 it was licensed to undertake general, property, marine, personal and employers' indemnity insurance and reinsurance business. In 1933 Sovereign disposed of its plate glass business and thereafter underwrote principally marine insurance and reinsurance business. From 1932 (except between the years 1966 and 1972) Sovereign also wrote non-marine business. In 1954 Sovereign began underwriting aviation insurance and reinsurance business.

Willis Faber & Dumas Limited was set up in 1920 and acted as an underwriting agent for a number of insurance companies, both UK and overseas companies. These companies included Sovereign.

In some cases these companies underwrote business together, appearing on the same Underwriting Stamp, whilst in other cases only one company appeared on the Underwriting Stamp, the common theme being that the policies were underwritten and administered by WF&D.

In 1972 Willis Faber (Underwriting Management) Limited was incorporated as a wholly-owned subsidiary of WF&D. WFUM took on the administration of the old WF&D policies and acted as underwriting agent, writing marine, non-marine and aviation business.

In 1982 a further agency, Devonport Underwriting Agency Limited, was also set up by the Willis Group. This company also acted as an underwriting agent, writing both marine and non-marine business between 1982 and 1985. After DUAL ceased underwriting, the ongoing administration of the policies was taken over by WFUM.

The WFUM Pools' underwriting results worsened in the years 1988 to 1990 due to a steady increase in product-related hazard claims and more significantly a spate of catastrophes which severely affected the marine and non-marine LMX business. These results particularly affected Sovereign.

As a result of worsening claims development in 1991, it was agreed that the WFUM Pools would cease taking on new business and that Sovereign would cease underwriting completely with effect from 31 December 1991. Thereafter WFUM continued to act for all WFUM Pool members as the run-off manager.

2. Events leading to the appointment of provisional liquidators in respect of Sovereign

Sovereign's underwriting results deteriorated for the reasons set out above. In 1990 Sovereign incurred further claims in respect of wind storms and floods.

As a consequence of these losses Sovereign ceased underwriting non-marine and non-proportional treaties midway through 1990 and stopped underwriting UK property business in the London market after the end of that year. As a result of further adverse claims development during 1991, the decision was taken by the directors that Sovereign should cease underwriting completely with effect from 31 December 1991.

Following its cessation of underwriting Sovereign complied with the requirements of the Department of Trade and Industry, the FSA's predecessor. Sovereign has kept the FSA apprised of its financial position.

After going into run-off Sovereign recognised the accounting losses which are summarised below. The run-off was supported by injections of share capital by Willis Group Limited and the sale of tax losses to other members of the Willis group.

Table 1: Sovereign accounting losses

	1993 £'000	1994 £'000	1995 £'000	1996 £'000
Underwriting loss	(14,700)	(7,345)	(5,026)	(2,658)
Pre-tax loss	(14,587)	(6,781)	(1,785)	(25)

Sovereign's audited accounts for the year ended 31 December 1996 were prepared on a going concern basis. Sovereign's auditors, Ernst & Young LLP, stated in their audit report that this basis could be invalidated by the adjustments which might be required after the resolution of the fundamental uncertainties affecting the accounts. One of these uncertainties was the outcome, and its consequences, of an arbitration involving Sovereign and one of its surplus treaty reinsurers.

The arbitration was concluded on 16 April 1997 and on 10 July 1997 the arbitrators delivered their award. It was held that the reinsurer was not liable in full to Sovereign under certain surplus treaties. The immediate consequence of the arbitration was a diminution in the estimated value of assets in the balance sheet of Sovereign. Following the arbitration, the directors considered that Sovereign was insolvent as the value of its assets was less than the value of its liabilities (taking into account its contingent and prospective liabilities).

The directors of Sovereign approached the board of Willis Group Limited and requested further funding to remedy the estimated deficiency. Willis Group Limited considered that, in

the circumstances, it was not in a position to provide further support and in the absence of other support the directors concluded that Sovereign did not have any reasonable prospect of avoiding insolvent liquidation. On 11 July 1997, a winding-up petition was presented by Sovereign acting by its directors, and Anthony James McMahon and Philip Wedgwood Wallace, partners in KPMG LLP, were appointed as provisional liquidators by order of the Court.

The administration of the WFUM Pools was kept together on a unified basis and on 12 August 1998 PRO was appointed run-off manager for the WFUM Pools.

Thus far, Sovereign's Scheme Administrators have been able to set Payment Percentages under the Original Sovereign Scheme as follows:

Table 2: Sovereign payment percentages

Date	Increase	Total Scheme payment percentage
March 2001	N/A	30%
May 2003	5%	35%
July 2004	5%	40%

As at 31 December 2005, Sovereign had made scheme payments of approximately \$42 million on Established Scheme Liabilities of approximately \$107 million.

A copy of the Scheme Administrators' latest annual report to Scheme Creditors which contains more information about Sovereign's financial position is available from the Website at www.wfumpools.com.

3. Description of the business to be included in the Scheme

To assist in identifying those policies which were written by the WFUM Pools, and are subject to the proposed Scheme, a number of tables have been produced. At paragraph 4 below there is a summary of the business written by the WFUM Pools. Paragraph 5 below contains a list of those companies which are the subject of the proposed Scheme which wrote business through the WFUM Pools, with details of their previous names as they may have appeared on various WFUM Pools Underwriting Stamps.

In addition, within Appendix G to the Scheme a stamp table has been provided showing details of those Underwriting Stamps used by WFUM Pools according to the WFUM Pools systems and the London Processing Centre system which were used in respect of WFUM Pools business. Whilst extensive, this list may not be exhaustive.

4. Summary of business written by the WFUM Pools

The following table summarises the types of business written by the different Agencies over time

Table 3: Types of business written by WFUM Pools

Agent	Class	Years	Summary description
WF&D	Aviation	1971 and prior	Hull and Liability business
WF&D	Marine	1971 and prior	Hull, Cargo and Liability business
WF&D	Non-Marine	1971 and prior	Property, Worldwide Casualty, General Business Umbrella Policies
WFUM	Non-Marine	1972-1991	
WFUM	Marine	1972-1991	Hull, Cargo and Liability business
WFUM	Aviation	1972-1991	Hull, Liability and Satellite business
DUAL	Non-Marine	1982-1985	Worldwide and UK Property business
DUAL	Marine	1984-1985	Hull and Cargo business

Agency Business includes the marine and non-marine business written by the Agencies on behalf of the Scheme Companies and the aviation business written by WF&D and WFUM on behalf of Scheme Companies. The Agencies wrote the majority of the pools' business through the Institute of London Underwriters ("**ILU**") and the London Insurance and Reinsurance Market Association ("**LIRMA**"). The Underwriting Stamps used to underwrite Agency Business include those set out in Appendix G to the Scheme. This includes both bureaux and non-bureaux stamps and, in the case of bureaux stamps, gives the relevant bureaux reference.

5. Names of the companies which wrote business subject to the Scheme

Table 4: Present and former names of the Scheme Companies

In this table, * denotes a Scheme Company to which WFUM business has been transferred via a portfolio transfer or equivalent, the details of which are set out in table 5 below.

Current name	Previous names	Until
Allianz Cornhill Insurance plc*	Cornhill Insurance Public Limited Company Cornhill Insurance Company, Limited The Cornhill Insurance Company, Limited	10 January 2003 3 June 1981 19 June 1935
Allianz Global Corporate & Specialty (France)	Allianz Marine & Aviation (France) AGF Marine Aviation Transport Compagnie d'Assurances Maritimes Aeriennes et Terrestres (CAMAT)	17 July 2006 1 July 2002 21 April 1998
Atlantic Mutual Insurance Company	-	
Continental Reinsurance Corporation International Limited*	East River Insurance Company (Bermuda) Ltd	20 December 2003
Greyfriars Insurance Company Limited	GTE Insurance Company Limited	31 August 1987
Heddington Insurance (U.K.) Limited	-	
Hibernian General Insurance Limited	Hibernian Insurance Company Limited Hibernian Insurance Public Limited Company Hibernian Insurance Company Limited Hibernian Fire and General Insurance Company Limited	2 October 2000 7 November 1986 26 June 1984 1 September 1966
Mitsui Sumitomo Insurance Company (Europe), Limited*	Mitsui Marine and Fire Insurance Co., (Europe) Ltd Taisho Marine & Fire Insurance Company (Europe) Limited Taisho Marine & Fire Insurance Company (UK) Limited	1 October 2001 1 April 1996 1 January 1990
Oslo Reinsurance Company (UK) Limited	UNI Storebrand Insurance Company (UK) Limited Storebrand Insurance Company (U.K.) Limited	17 May 1995 31 December 1991

Current name	Previous names	Until
The Ocean Marine Insurance Company Limited*	-	
The Sea Insurance Company Limited	Sea Insurance Company Limited	11 May 1949
Sovereign Insurance (UK) Limited	Devonport Insurance Company Limited	18 December 1986
Sovereign Marine & General Insurance Company Limited ¹	Lombard Marine & General Insurance Company Limited	8 February 1954
	Lombard Insurance Company Limited	15 June 1939
	The British and Irish Insurance Co., Limited	13 April 1939
	The British and Irish Plate Glass Insurance Company Limited	13 December 1928
Sphere Drake Insurance Limited*	Odyssey Re (London) Limited	1 October 1999
	Sphere Drake Insurance Public Limited Company	20 March 1998
	Sphere Insurance plc	1 July 1982
	Sphere Insurance Company Limited	1 April 1982
Tokio Marine Europe Insurance Limited*	The Tokio Marine & Fire Insurance Company (U.K.) Limited	17 June 2002
Wausau Insurance Company (U.K.) Limited	-	

Table 5: Details of business transfers relevant to WFUM pools business

Transferee	Transferor	Previous names of transferor	Date of transfer
Cornhill Insurance Public Limited Company (now Allianz)	Allianz Cornhill International Insurance plc	Allianz International Insurance Company Limited (until 30 June	1 January 1993

¹ The general insurance business of Bimeh Iran Insurance Company (UK) Limited ("**Bimeh**") written by Willis Faber (Underwriting Management) Limited and Lennox Underwriting Agencies Limited in relation to the underwriting years 1976 to 1981 was transferred to Sovereign Marine & General Insurance Company Limited on 22 March 1984 in accordance with section 51 of the Insurance Companies Act 1982.

Transferee	Transferor	Previous names of transferor	Date of transfer
Cornhill Insurance plc)		1991)	
East River Insurance Company (Bermuda) Limited (now Continental Reinsurance Corporation International Limited)	HSBC Insurance (International) Limited	Lombard Insurance Company Limited (a Hong Kong incorporated company)	31 December 1998
Mitsui Marine and Fire Insurance Co., (Europe) Ltd. (now Mitsui Sumitomo Insurance Company (Europe), Limited)	Mitsui Marine and Fire Insurance Co., Ltd (UK Branch)	-	10 March 2000
Sphere Insurance plc (now Sphere Drake Insurance Limited)	The Drake Insurance Company Limited	-	29 April 1982 (effective from 1 July 1982)
The Ocean Marine Insurance Company Limited	Commercial Union Assurance Company Limited	The Merchants Marine Insurance Company Limited (until 1 October 1999)	28 April 2005
	The British & European Reinsurance Company Limited	The British & European Insurance Company Limited (until 1 January 1981)	28 April 2005
	Ulster Marine Insurance Company Limited		28 April 2005
	Yorkshire Insurance Company Limited	-	28 April 2005
The Tokio Marine & Fire Insurance Company (U.K.) Limited (now Tokio Marine Europe Insurance Limited)	Tokio Marine and Fire Insurance Company Limited (UK Branch)		

In respect of Mitsui, for the avoidance of doubt, the Scheme will include all business underwritten before 1991 by:

1. Taisho Marine & Fire Insurance Company (UK) Limited and Taisho Marine & Fire Insurance Company (Europe) Limited, (which are former names of Mitsui); and

2. the UK branch of Taisho Marine and Fire Insurance Company Limited, which changed its name in 1991 to Mitsui Marine and Fire Insurance Co., Ltd.

For clarification the Allianz International Insurance Company Limited underwrote in 1986 and 1987 using a LIRMA stamp with reference SO628. This business was not underwritten through the WFUM Pools but all administration on these policies was carried out by WFUM and the ongoing run off of these policies is administered by PRO and because the business was administered by WFUM it is therefore included within the scope of the Scheme.

6. Non-WFUM business being included in the Schemes of Sovereign and its subsidiaries

6.1 Sovereign

Because Sovereign needs to make final distribution to its creditors, it and its subsidiaries need to realise all of their assets. As a result, their Schemes will apply to all of their Liabilities including non-WFUM Pools business. UK compulsory insurance written by Sovereign, and any written by its subsidiaries, will also be included.

6.1.1 Non-WFUM Pools business

The vast majority, approximately 95%, of Sovereign's Liabilities arise from its participation in the WFUM Pools. A description of the WFUM Pools business underwritten by Sovereign and the solvent Scheme Companies is provided at Appendix A to the Scheme.

Sovereign underwrote some business outside the WFUM Pools, including but not limited to that referred to below.

6.1.2 Camomile pool

Sovereign participated from 1989 to 1991 in a pool managed by Camomile Underwriting Agencies Limited. The pool principally underwrote non-marine insurance and reinsurance policies (facultative and excess of loss only), including professional indemnity business under the Minet International Professional Indemnity Scheme.

6.1.3 Old Sovereign

Sovereign wrote some business on its own account which consisted of non marine, marine and aviation business.

- (a) Non-marine - 1952 to 1966: the business underwritten was mainly direct, facultative and treaty and was wholly for the account of Sovereign.
- (b) Marine - 1933 to 1972: this business was closed off into the WFUM Pools marine 1984 account.
- (c) Aviation - 1952 to 1972: this business was underwritten by Sovereign and Allianz Cornhill covering general and specific aviation risks. Sovereign's share was approximately one third.

6.1.4 *Provincial account*

This account was underwritten wholly for the account of Sovereign between 1983 and 1991 with the same classes of business as the UK account written by the WFUM non-marine pool and was underwritten by WFUM through provincial brokers.

6.1.5 *Foreign agents*

Sovereign entered into marine and non-marine agency agreements with a number of underwriting agents based in continental Europe, North America and Hong Kong. These agents underwrote business for Sovereign commencing in the 1950s.

6.1.6 *Split of business*

Approximately 10% of Sovereign's non-pool business was in the provincial account, approximately 10% deriving from foreign agents, with the balance underwritten in the London market.

6.1.7 *Other Liabilities of Sovereign UK and Greyfriars*

The Scheme will apply to all of the Liabilities of Sovereign UK and Greyfriars.

Sovereign UK and Greyfriars' Other Liabilities represent only a small amount of their total Scheme Liabilities. A brief summary of non-WFUM Pools business underwritten and included in the Scheme is provided below.

6.2 Sovereign UK

6.2.1 *Directors' & Officers' liability*

Between 1986 and 1989, Sovereign UK participated in the London Master D&O lineslip. A direct D&O book of business was also written through WFUM.

6.2.2 *Hanse Merkur healthcare business*

Between 1989 and 1992, Sovereign UK underwrote medical expenses for expatriates in the UK. These policies did not cover medical liability insurance.

6.3 **Greyfriars**

6.3.1 *Foreign agents*

Greyfriars entered into agency agreements with three foreign underwriting agents mainly underwriting short-tail cargo business.

- (a) **Saltiel SA:** French agency acting between 1984 and 1986.
- (b) **M Van Marle BV:** Dutch agency acting between 1984 and 1986.
- (c) **Reasegueros Gil y Carvajal SA:** Spanish agency acting between 1984 and 1989.

6.3.2 *Legal expenses quota share treaty*

A quota share treaty of legal expenses was originally written by a former subsidiary of the Willis group, Capacity Resources Insurance Company Limited ("**CRICL**"). Greyfriars replaced CRICL on this treaty.

6.3.3 *Internal captive – GR account*

In 1991, Greyfriars acted as an internal reinsurance captive for WFUM, DUAL, Westminster and other Willis, or now ex-Willis, companies (with Willis underwriting activities).

7. **Commutations**

The Scheme Companies have entered into commutations with creditors in the ordinary course of business, and continue to do so. Except in relation to Sovereign, any Liability arising under such an agreement is expected to be settled prior to the Effective Date and to the extent that it is discharged such a Liability will not be included in the Scheme.

**WFUM POOLS SCHEME
SCHEDULE II**

Specimen Voting and Proxy Form and Guidance Notes

**PLEASE READ THE GENERAL INSTRUCTIONS AND NOTES ON PAGES
14 – 31 PRIOR TO COMPLETING THIS FORM**

**IN THE HIGH COURT OF JUSTICE
Chancery Division
Companies Court
Claim No.s 1611, 1618, 1621-22, 1624-1626
1628-30, 1632-1635, 1647 and 1648 of 2006**

IN THE MATTERS OF

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED

ALLIANZ CORNHILL INSURANCE PLC

**OSLO REINSURANCE COMPANY (UK)
LIMITED**

**ALLIANZ GLOBAL CORPORATE & SPECIALTY
(FRANCE)**

SOVEREIGN INSURANCE (UK) LIMITED

ATLANTIC MUTUAL INSURANCE COMPANY

SPHERE DRAKE INSURANCE LIMITED

**CONTINENTAL REINSURANCE CORPORATION
INTERNATIONAL LIMITED**

**THE OCEAN MARINE INSURANCE
COMPANY LIMITED**

GREYFRIARS INSURANCE COMPANY LIMITED

THE SEA INSURANCE COMPANY LIMITED

HEDDINGTON INSURANCE (U.K.) LIMITED

**TOKIO MARINE EUROPE INSURANCE
LIMITED**

HIBERNIAN GENERAL INSURANCE LIMITED

**WAUSAU INSURANCE COMPANY (U.K.)
LIMITED**

**mitsui sumitomo insurance company
(EUROPE), LIMITED**

**AND IN THE MATTER OF THE COMPANIES ACT 1985
VOTING REGISTRATION AND PROXY FORM**

To be used by Scheme Creditors, including those Scheme Creditors of Sovereign Marine & General Insurance Company Limited who are Protected Policyholders (as those terms are defined in the Scheme Document), at the Meetings of Creditors ("the Meetings") of the above companies ("the Scheme Companies") to be held on 27 October 2006 at Plaisterers' Hall, London, United Kingdom at the times mentioned in the accompanying notice summoning the Meetings.

If you, or a representative, are attending the meeting please bring a copy of the Voting form with you along with evidence that you have authority to act on behalf of the Scheme Creditor. In addition you are requested to return the original form to the address on page 14 ('Return of Voting Form').

**WFUM POOLS SCHEME
VOTING REGISTRATION AND PROXY FORM**

SECTION A:

(1) I / We.....(the name of the Scheme Creditor)

of.....

.....(the address of the Scheme Creditor)

being a Scheme Creditor of one or more of the Scheme Companies

(2) **Will / Will not** be attending the Meetings (Delete as applicable)

If you are not attending the Meetings, but still wish to cast your vote, then you must appoint a proxyholder to attend and vote on your behalf:

(3) I / We **HEREBY APPOINT** (Delete as applicable)

Either:

(a) the Chairman of the Meetings or

(b)

.....

.....

as my/our proxyholder to act for me/us at such of the Meetings as I am/we are entitled to attend for the purpose of considering and, if thought appropriate, agreeing (with or without modification) to the Scheme (referred to in the notice summoning the Meetings) and at such Meetings, or any adjournment thereof, to vote on my/our behalf and in my/our name for or against the Schemes (with or without modification), or as my/our proxyholder may elect as hereinafter indicated on page 3 (All Scheme Companies combined) or pages 4 to 7 (Individual Scheme Companies) of this form.

And do hereby submit the attached Voting Forms and supporting information for the purposes of voting in the proposed Schemes of Arrangement for the WFUM Pools

If you are the duly authorised representative of the Scheme Creditor or the duly authorised agent and/or attorney of the Scheme Creditor or a number of Scheme Creditors, enter the capacity in which you have signed the form (for example director, partner or agent and/or attorney) below. A signature on this form shall constitute the giving of a warranty that the signatory has been duly authorised by the relevant Scheme Creditor to sign the form on their behalf.

Print name:

Signed:

Position:

(4) Authorised Employee / Agent
/ Attorney / Other (please specify)

Date:

Now please complete either
Section B (voting - all Scheme Companies and classes combined) and Sections D, E and F
or
Section C (voting - individual Scheme Company and individual class level) and Sections D, E and F

WFUM POOLS SCHEME

SECTION B: VOTING - ALL SCHEME COMPANIES AND CLASSES COMBINED

SCHEME CREDITOR NAME

WFUM REG REF

**IF YOU WISH TO SUBMIT YOUR VOTE AT INDIVIDUAL SCHEME COMPANY AND CLASS LEVEL
THEN LEAVE THIS SECTION BLANK AND GO TO SECTION C.**

If you wish to vote "FOR" all of the Schemes, enter a tick [✓] in the box marked "FOR". If you wish to vote "AGAINST" all of the Schemes, enter a tick in the box marked "AGAINST". If you wish to abstain from the Scheme Vote for all of the Schemes, enter a tick in the box marked "ABSTENTION". If you wish to give your Proxyholder a discretion to vote for or against (or to abstain) at the meetings you should enter a tick in the box marked "PROXYHOLDER'S DISCRETION". If you enter a tick in the box marked "PROXYHOLDER'S DISCRETION" you must appoint a person other than the Chairman to be your Proxyholder, or this form of proxy will not operate as a valid appointment of your proxy at the meetings.

(5) ALL SCHEME COMPANIES AND ALL CLASSES COMBINED	(6) FOR all the Schemes (including Sovereign & its subsidiaries) <input type="checkbox"/>	(7) AGAINST all the Schemes (including Sovereign & its subsidiaries) <input type="checkbox"/>	(8) ABSTENTION <input type="checkbox"/>	(9) PROXYHOLDER'S DISCRETION (where the Proxyholder is not the Chairman) <input type="checkbox"/>
--	--	--	---	--

(10) Scheme Voting amounts (including Sovereign's and its subsidiaries' non-insurance claims) - all values to be entered in consolidated USD

	Unpaid Claims	Outstanding Claims (Undiscounted)	Value of Discount for Outstanding Claims	IBNR Claims (Undiscounted)	Value of Discount for IBNR Claims	Total
Unpaid Agreed Claims per PRO's records	(11)					(12)
Additional Values Added	(13)	(14)	(15)	(16)	(17)	(18)
Less sums available to be set-off for voting purposes	(19)					(20)
						Net Total
<p>Now please complete Section D (to show a breakdown of the values split by Scheme Company) IF YOU HAVE COMPLETED THIS SECTION YOU DO NOT NEED TO COMPLETE SECTION C</p>						(21)
Balance (consolidated USD)						

WFUM POOLS SCHEME

SECTION C: VOTING - INDIVIDUAL SCHEME COMPANY AND INDIVIDUAL CLASS: Voting Schedule

(22) Please enter a tick [✓] in the column for each Scheme Company and class to indicate whether you are voting FOR the Scheme, AGAINST the Scheme, ABSTAINING from the vote or at the PROXYHOLDER'S DISCRETION.

	(6) FOR THE SCHEME	(7) AGAINST THE SCHEME	(8) ABSTENTION	(9) PROXYHOLDER'S DISCRETION (where the proxyholder is not the Chairman)
1. SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED				
2. SOVEREIGN INSURANCE (UK) LIMITED				
3. GREYFRIARS INSURANCE COMPANY LIMITED				
4. ALLIANZ CORNHILL INSURANCE PLC Non-IBNR class				
5. ALLIANZ CORNHILL INSURANCE PLC IBNR class				
6. ALLIANZ GLOBAL CORPORATE & SPECIALTY (FRANCE) Non-IBNR class				
7. ALLIANZ GLOBAL CORPORATE & SPECIALTY (FRANCE) IBNR class				
8. ATLANTIC MUTUAL INSURANCE COMPANY Non-IBNR class				
9. ATLANTIC MUTUAL INSURANCE COMPANY IBNR class				

WFUM POOLS SCHEME

SECTION C: VOTING - INDIVIDUAL SCHEME COMPANY AND INDIVIDUAL CLASS: Voting Schedule cont.

(22) Please enter a tick [✓] in the column for each Scheme Company and class to indicate whether you are voting FOR the Scheme, AGAINST the Scheme, ABSTAINING from the vote or at the PROXYHOLDER'S DISCRETION.

	(6) FOR THE SCHEME	(7) AGAINST THE SCHEME	(8) ABSTENTION	(9) PROXYHOLDER'S DISCRETION (where the proxyholder is not the Chairman)
10. CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED Non-IBNR class				
11. CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED IBNR class				
12. HEDDINGTON INSURANCE (U.K.) LIMITED Non-IBNR class				
13. HEDDINGTON INSURANCE (U.K.) LIMITED IBNR class				
14. HIBERNIAN GENERAL INSURANCE LIMITED Non-IBNR class				
15. HIBERNIAN GENERAL INSURANCE LIMITED IBNR class				
16. MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED Non-IBNR class				
17. MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED IBNR class				

WFUM POOLS SCHEME

SECTION C: VOTING - INDIVIDUAL SCHEME COMPANY AND INDIVIDUAL CLASS: Voting Schedule cont.

(22) Please enter a tick [✓] in the column for each Scheme Company and class to indicate whether you are voting FOR the Scheme, AGAINST the Scheme, ABSTAINING from the vote or at the PROXYHOLDER'S DISCRETION.

	(6) FOR THE SCHEME	(7) AGAINST THE SCHEME	(8) ABSTENTION	(9) PROXYHOLDER'S DISCRETION (where the proxyholder is not the Chairman)
18. OSLO REINSURANCE COMPANY (UK) LIMITED Non-IBNR class				
19. OSLO REINSURANCE COMPANY (UK) LIMITED IBNR class				
20. SPHERE DRAKE INSURANCE LIMITED Non-IBNR class				
21. SPHERE DRAKE INSURANCE LIMITED IBNR class				
22. THE OCEAN MARINE INSURANCE COMPANY LIMITED Non-IBNR class				
23. THE OCEAN MARINE INSURANCE COMPANY LIMITED IBNR class				
24. THE SEA INSURANCE COMPANY LIMITED Non-IBNR class				
25. THE SEA INSURANCE COMPANY LIMITED IBNR class				

WFUM POOLS SCHEME

SECTION C: VOTING - INDIVIDUAL SCHEME COMPANY AND INDIVIDUAL CLASS: Voting Schedule cont.

(22) Please enter a tick [✓] in the column for each Scheme Company and class to indicate whether you are voting FOR the Scheme, AGAINST the Scheme, ABSTAINING from the vote or at the PROXYHOLDER'S DISCRETION.

	(6) FOR THE SCHEME	(7) AGAINST THE SCHEME	(8) ABSTENTION	(9) PROXYHOLDER'S DISCRETION (where the proxyholder is not the Chairman)
26. TOKIO MARINE EUROPE INSURANCE LIMITED Non-IBNR class				
27. TOKIO MARINE EUROPE INSURANCE LIMITED IBNR class				
28. WAUSAU INSURANCE COMPANY (U.K.) LIMITED Non-IBNR class				
29. WAUSAU INSURANCE COMPANY (U.K.) LIMITED IBNR class				

Now please complete Section D (to show a breakdown of the values split by Scheme Company)
IF YOU HAVE COMPLETED THIS SECTION YOU DO NOT NEED TO COMPLETE SECTION B

**WFUM POOLS SCHEME
VALUES SPLIT BY SCHEME COMPANIES**

SECTION D:

SCHEME CREDITOR NAME

WFUM REG REF

(23) Scheme Companies	(11) Unpaid Agreed Claims per PRO's records	(13) Additional Unpaid Claims	(14) Outstanding Claims (Undiscounted)	(15) Value of Discount for Outstanding Claims	(16) IBNR Claims (Undiscounted)	(17) Value of Discount for IBNR Claims	(19) Less sums available to be set- off for voting purposes
SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED							
SOVEREIGN INSURANCE (UK) LIMITED							
GREYFRIARS INSURANCE COMPANY LIMITED							
ALLIANZ CORNHILL INSURANCE PLC							
ALLIANZ GLOBAL CORPORATE & SPECIALTY (FRANCE)							
ATLANTIC MUTUAL INSURANCE COMPANY							
CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED							
HEDDINGTON INSURANCE (U.K.) LIMITED							
HIBERNIAN GENERAL INSURANCE LIMITED							

**WFUM POOLS SCHEME
VALUES SPLIT BY SCHEME COMPANIES cont.**

SECTION D:

SCHEME CREDITOR NAME

WFUM REG REF

(23) Scheme Companies	(11) Unpaid Agreed Claims per PRO's records	(13) Additional Unpaid Claims	(14) Outstanding Claims (Undiscounted)	(15) Value of Discount for Outstanding Claims	(16) IBNR Claims (Undiscounted)	(17) Value of Discount for IBNR Claims	(19) Less sums available to be set- off for voting purposes
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED							
OSLO REINSURANCE COMPANY (UK) LIMITED							
SPHERE DRAKE INSURANCE LIMITED							
THE OCEAN MARINE INSURANCE COMPANY LIMITED							
THE SEA INSURANCE COMPANY LIMITED							
TOKIO MARINE EUROPE INSURANCE LIMITED							
WAUSAU INSURANCE COMPANY (U.K.) LIMITED							
(24) Overall Total (consolidated USD):							

Now please complete Section E (providing a summary of the Vote values by Scheme Company and Class)

WFUM POOLS SCHEME

SECTION E: SUMMARY VOTE BY SCHEME COMPANY AND CLASS

(25) Please note the following calculations for the Scheme Vote Value:

- (i) Sovereign and its subsidiaries : (11) Unpaid Agreed Claims + (13) Additional Unpaid Claims + (14) Outstanding Claims (Undiscounted) - (15) Discount + (16) IBNR Claims (Undiscounted) - (17) Discount - (19) sums available to be set-off for voting purposes
- (ii) Non-IBNR Class: (11) Unpaid Agreed Claims + (13) Additional Unpaid Claims + (14) Outstanding Claims (Undiscounted) - (15) Discount - (19) sums available to be set-off for voting purposes
- (iii) IBNR Class: (16) IBNR Claims (Undiscounted) - (17) Discount

	Scheme Vote Value (Consolidated USD)	
1. SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED		See (i) above
2. SOVEREIGN INSURANCE (UK) LIMITED		See (i) above
3. GREYFRIARS INSURANCE COMPANY LIMITED		See (i) above
4. ALLIANZ CORNHILL INSURANCE PLC Non-IBNR class		See (ii) above
5. ALLIANZ CORNHILL INSURANCE PLC IBNR class		See (iii) above
6. ALLIANZ GLOBAL CORPORATE & SPECIALTY (FRANCE) Non-IBNR class		See (ii) above
7. ALLIANZ GLOBAL CORPORATE & SPECIALTY (FRANCE) IBNR class		See (iii) above
8. ATLANTIC MUTUAL INSURANCE COMPANY Non-IBNR class		See (ii) above

WFUM POOLS SCHEME

SECTION E: SUMMARY VOTE BY SCHEME COMPANY AND CLASS

	Scheme Vote Value (Consolidated USD)	
9. ATLANTIC MUTUAL INSURANCE COMPANY IBNR class		See (iii) above
10. CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED Non-IBNR class		See (ii) above
11. CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED IBNR class		See (iii) above
12. HEDDINGTON INSURANCE (U.K.) LIMITED Non-IBNR class		See (ii) above
13. HEDDINGTON INSURANCE (U.K.) LIMITED IBNR class		See (iii) above
14. HIBERNIAN GENERAL INSURANCE LIMITED Non-IBNR class		See (ii) above
15. HIBERNIAN GENERAL INSURANCE LIMITED IBNR class		See (iii) above
16. MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED Non-IBNR class		See (ii) above
17. MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED IBNR class		See (iii) above
18. OSLO REINSURANCE COMPANY (UK) LIMITED Non-IBNR class		See (ii) above
19. OSLO REINSURANCE COMPANY (UK) LIMITED IBNR class		See (iii) above

WFUM POOLS SCHEME

SECTION E: SUMMARY VOTE BY SCHEME COMPANY AND CLASS

	Scheme Vote Value (Consolidated USD)	
20. SPHERE DRAKE INSURANCE LIMITED Non-IBNR class		See (ii) above
21. SPHERE DRAKE INSURANCE LIMITED IBNR class		See (iii) above
22. THE OCEAN MARINE INSURANCE COMPANY LIMITED Non-IBNR class		See (ii) above
23. THE OCEAN MARINE INSURANCE COMPANY LIMITED IBNR class		See (iii) above
24. THE SEA INSURANCE COMPANY LIMITED Non-IBNR class		See (ii) above
25. THE SEA INSURANCE COMPANY LIMITED IBNR class		See (iii) above
26. TOKIO MARINE EUROPE INSURANCE LIMITED Non-IBNR class		See (ii) above
27. TOKIO MARINE EUROPE INSURANCE LIMITED IBNR class		See (iii) above
28. WAUSAU INSURANCE COMPANY (U.K.) LIMITED Non-IBNR class		See (ii) above
29. WAUSAU INSURANCE COMPANY (U.K.) LIMITED IBNR class		See (iii) above
(24) Overall Total (consolidated USD)		

Now please complete Section F (providing a listing of policies and transactions supporting the Scheme Vote).

WFUM POOLS SCHEME

SECTION F: VOTING SUPPORTING SCHEDULE

Please complete this form by adding the relevant details for each item that makes up the additional values added on section D.
Data is to be entered at WFUM Pools level – all Scheme Companies combined.

SCHEME CREDITOR NAME

WFUM REG REF

All values in consolidated USD

(26) Ref.	(27) Your Insurance Contract Reference Number	(28) WFUM Pools Insurance Contract Reference Number	(29) Claim Type App. D2	(30) Policy Type App. D3	(31) Inception Date	(32) Ultimate Signed Line	(33) Date Of Loss	(34) Unpaid Agreed Claims per PRO's records	(35) Additional Unpaid Claims	(36) Outstanding Claims (Un discounted)	(37) Value of Discount for Outstanding Claims	(38) IBNR Claims (Un discounted)	(39) Value of Discount for IBNR Claims
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													

Please photocopy as many sheets as necessary to allow all relevant information to be listed.

WFUM POOLS SCHEME

GENERAL INSTRUCTIONS FOR THE COMPLETION OF THE VOTING FORMS

Please note that capitalised words or phrases not defined in this form have the same meanings as their definitions in the Scheme Document. Unless otherwise stated, references to Appendices are to those at the end of this Voting Form.

Please note: we believe it will generally be easier to complete the voting forms on the Website (www.wfumools.com). Calculations of time value discount and allocations of votes across Scheme Companies will be done automatically. This manual form should only be used if you do not have access to or do not wish to use the Website. If you wish to use the Website and do not already have your Website Password and user name please contact the WFUM Pools Scheme helpline, details shown below.

Return of Voting Form

If you, or a representative, are attending the Meeting please bring the Voting form with you. In addition you are requested to return the form to the WFUM Pools Scheme helpline address below.

- Post: WFUM Pools c/o PRO Insurance Solutions Limited
Bruton Court
Bruton Way
Gloucester GL1 1DA
United Kingdom
- Fax: +44 (0)1452 523 437
- E-mail: pro_wfumools@pro-ltd.co.uk

You may also telephone: +44 (0)1452 523 426

You are requested to return the Form to the above address, by 4:00pm (English Time) on 20 October 2006, although if not so returned, it may be handed in at the Registration desk on the day of the Meetings at Plaisterers' Hall before the meetings commence. Scheme Creditors are urged to return the Voting Form in advance of the Meetings.

If you have appointed the Chairman as your Proxyholder then you should send the form to be received by PRO by 4:00pm (English Time) 20 October 2006.

You may also fax or e-mail your form to PRO Insurance Solutions Limited ('PRO'), see above, to be received by no later than 4:00pm (English Time) on 20 October 2006.

Where you have e-mailed the form please ensure that an appropriate signature has been scanned onto the form.

Forms returned by facsimile transmission / e-mail will not be valid unless legible.

Please also post the original to PRO within 7 days of submission by fax / e-mail.

(continued)

WFUM POOLS SCHEME

GENERAL INSTRUCTIONS FOR THE COMPLETION OF THE VOTING FORMS (continued)

Supporting Documentation

Where additional policies and / or values have been added to the Voting Forms then these additions must be substantiated by the provision of appropriate supporting documentation. All documentation must be supplied to PRO at least 7 days before the date of the Meetings. Thus this documentation must be sent to PRO by 20 October 2006.

Scheme Creditors who cast their vote on the day of the Meetings can provide supporting documentation on the day.

The Chairman of the Meetings will seek to agree the value of your vote(s) and, if unable to do so, will refer them to the Vote Adjudicator (the proposed Scheme Actuary). In doing this, the Chairman and the Vote Adjudicator will refer to the records held by PRO and any supporting documentation which you supply. It is therefore important that you provide adequate supporting documentation for your Voting Form. Guidance can be found in Section 3 of the Estimation Methodology at Appendix B of the Scheme Document on the kind of documents that may assist.

The Chairman of the Meetings has absolute discretion and the power to reject a vote or determine what he considers to be a fair and reasonable assessment of the Scheme Creditor's vote value.

Failure to supply suitable supporting documents may result in your vote being rejected or receiving a lower value than you assert.

Where a vote is rejected or valued at a different amount than originally asserted, you will be notified of this decision as soon as possible, and in any event prior to the Court hearing to sanction the Scheme. This rejection or revision of value will be reported to the Court at the sanction hearing and should you wish to object you may do so at that hearing.

The date and place of the sanction hearing will be made available on the Website.

Privilege

Particulars as to estimates of the amount of any Outstanding Claims or IBNR Claims provided by a Scheme Creditor may not be protected by privilege under English law (or other relevant laws) and may be discoverable by a third party with a claim against the Scheme Creditor in any action or proceeding to which the Scheme Creditor may be a party. You should consult your legal adviser as to the consequences for you of providing such particulars in relation to any litigation in which you are or may become involved.

(continued)

WFUM POOLS SCHEME

GENERAL INSTRUCTIONS FOR THE COMPLETION OF THE VOTING FORMS (continued)

Additional Notes

- (A) Any alteration to the data entered by you on the form must be initialled by the person who signed it.
- (B) All values are to be entered in consolidated USD. Please refer to Appendix D1 for the rates of exchange to be used to convert all other currencies to USD.
- (C) The Voting Forms display a number within each field which are supported by explanatory text within the Notes sections.
- (D) Voting will be conducted on a gross basis less set-off that will be applied in respect of all liquidated and established amounts in respect of reinsurance due from Scheme Creditors as well as any other liquidated and established amounts due from Scheme Creditors in respect of Scheme business; and for Sovereign, amounts agreed and offset against Scheme Claims under the Original Sovereign Scheme.
- (E) Values submitted on the form are for the purposes of voting only and do not bind you or the Scheme Company in relation to the Scheme Claim.
- (F) All values relating to Sovereign Marine & General Insurance Company Limited must be entered in full without allowance for any dividend that has been paid.
- (G) For Sovereign Marine & General Insurance Company Limited, Sovereign Insurance (UK) Limited and Greyfriars Insurance Company Limited the Scheme Vote amount also includes other insurance business and non-insurance claims (eg trade creditors). If you have a query regarding any non insurance claims please contact PRO.
- (H) Any adjustments to the value of your scheme vote will be advised to you prior to the Meetings where possible, and in any event, following the Meetings.
- (I) To determine whether the requisite majority in value has been achieved at each Meeting, votes will be calculated following the Meeting for each class and Scheme Company, according to the aggregate amount of claims specified on the form for each Scheme Company subject to agreement or valuation.

Classes

In relation to the WFUM Pool Scheme, the Court granted leave to convene the creditor's Meetings for each of the insolvent pool participant, Sovereign Marine & General Insurance Company Limited ("Sovereign") and its solvent subsidiaries, Sovereign Insurance (UK) Ltd and Greyfriars Insurance Company Limited, on the basis of a single Meeting of a single class of creditors to be held by each of those Scheme Companies.

In respect of the other 13 solvent Scheme Companies the court granted leave to convene the creditors Meetings on the basis of two meetings (one for each class) of Scheme Creditors for each Scheme Company:

- i) Class Non-IBNR - a class of Scheme Creditors in relation to their Scheme claims other than IBNR claims; and
- ii) Class IBNR - a class of Scheme Creditors in relation to their IBNR claims.

Scheme Creditors which have Scheme Claims in each class will be able to submit a vote in each class Meeting.

WFUM POOLS SCHEME

NOTES FOR THE COMPLETION OF THE VOTING FORMS SECTION A: VOTING REGISTRATION AND PROXY FORM

- (1) Enter the name of the Scheme Creditor and Address in block capitals.

If you are completing this form in your capacity as a director or other officeholder of a corporate Scheme Creditor or a partner of a partnership or other unincorporated body of persons which is a Scheme Creditor, insert the name of the company / partnership / unincorporated body.

Please note that, subject to the discretion of the Chairman, where more than one company within a group of companies is a Scheme Creditor, then each individual Scheme Creditor must complete a separate form.

If you represent more than one Scheme Creditor, a separate form must be completed for each Scheme Creditor.

- (2) If you intend to attend the Meetings in person, delete the words 'Will not'. You should leave the next part blank (note (3)).

If you do not intend to attend the Meetings, delete the words 'Will'. You must complete the next part (note (3)).

- (3) If you are attending the Meetings then please leave this part blank.

If you do not intend to attend the Meetings then you must appoint a Proxyholder. You may either appoint the Chairman of the Meetings as your Proxyholder or you may appoint a named individual as your Proxyholder.

If you wish to appoint the Chairman of the Meetings as your Proxyholder, please leave part (b) blank. You must instruct the Chairman to vote either 'For', 'Against' or 'Abstention' regarding the scheme(s) by completing the Voting Table within Section B or C: select either the box marked '**FOR**', '**AGAINST**' or '**ABSTENTION**', as appropriate. Do not mark 'Proxyholder's Discretion'.

If you wish to appoint a person other than the Chairman of the Meetings as your proxyholder, delete the words "the Chairman of the Meetings" in part (a) and enter the name of the person to be appointed in block capitals in the space provided in part (b).

If you appoint a person other than the Chairman of the Meetings as your Proxyholder, or a person to attend as your nominated representative, that person must attend in person at the Meetings and provide evidence of his authority to submit the vote (which must be satisfactory to the Chairman of the Meetings) (for example a deed of assignment or a letter of authority to act on your behalf).

Failure to provide such evidence of authority on behalf of one or more Scheme Creditors will invalidate the forms in respect of those Scheme Creditors only.

- (4) Please confirm your exact capacity by deleting the descriptions which do not apply (Authorised Employee / Agent / Attorney). Should you attend the Meetings on behalf of a Scheme Creditor, evidence of authority (for example a deed of assignment or a letter of authority) to act on their behalf in a form acceptable to the Chairman, is required.

Failure to provide suitable evidence could result in your exclusion from the Meetings. A signature on the form shall constitute the giving of a warranty that the signatory has been duly authorised by the relevant Scheme Creditor to sign the form on their behalf.

WFUM POOLS SCHEME

NOTES FOR THE COMPLETION OF THE VOTING FORMS SECTION B: VOTING - ALL SCHEME COMPANIES AND CLASSES COMBINED

Section B of this form allows you to vote For or Against all of the Schemes together.

The 'Net Total' (see note 21) shown in consolidated USD (i.e. the value of all claims converted to United States Dollars at the rates shown in Appendix D1) must be split across the Scheme Companies by completing the 'Split by Scheme Companies' on Sections D and 'Voting Summary by Scheme Company and Class' on Section E.

Alternatively, if you wish to complete the vote at individual Scheme Company and class level, please leave Section B blank and complete the details for each relevant Scheme Company under Sections C, D and E.

In all cases the vote should be supported by a schedule of balances at policy level. Please refer to the 'Voting Supporting Schedule' at Section F. **Failure to provide substantiation by not completing Section F or providing appropriate documentation could result in a lower voting value being admitted.**

(5) All Scheme Companies and all classes combined

By completing Section B and submitting a vote, you are registering a vote in respect of all Scheme Companies and classes combined. A list of such companies including their former names can be found in the preface to the Scheme or on the Website at www.wfumpools.com. A summary note regarding Classes can be found on page 17 of this document.

SHOULD YOU WISH TO VOTE IN RESPECT OF EACH SCHEME COMPANY AND CLASS SEPARATELY THEN PLEASE REFER TO SECTION C.

- (6) **For the Schemes:** In order to submit a vote "For" all of the Schemes where you are a Scheme Creditor, please enter a tick [✓] within this box.
- (7) **Against the Schemes:** In order to submit a vote "Against" all of the Schemes where you are a Scheme Creditor, please enter a tick [✓] within this box.
- (8) **Abstention:** If you wish to abstain from the Scheme Vote please enter a tick [✓] within this box.
- (9) **Proxyholder's Discretion:** Where you have nominated a Proxyholder to vote at the Meetings and wish them to decide how to vote on the day of the Meetings, please enter a tick [✓] within this box. Please refer to note (3) in Section A regarding the Proxyholder details. Evidence of authority (e.g. deed of assignment, letter of authorisation) in a form acceptable to the Chairman will be required.

Please note that if you have selected the Chairman as your Proxyholder you must not enter a tick in this box: you must enter a tick in either the 'For', 'Against' or 'Abstention' box.

- (10) **Scheme Voting Amounts:** Your voting value is based on your Scheme Claim. The business covered by the Scheme is explained in Schedule 1 of the Explanatory Statement and Appendix A of the Scheme Document. For Sovereign Marine & General Insurance Company Limited and its subsidiaries this also includes other insurance business and non-insurance claims (for example trade creditors). If you have a query regarding any non-insurance claims please contact PRO.

All values must be entered in consolidated USD, other currencies must be converted at the rate of exchange as shown in Appendix D1.

(continued)

WFUM POOLS SCHEME
NOTES FOR THE COMPLETION OF THE VOTING FORMS
SECTION B: VOTING - ALL SCHEME COMPANIES
AND CLASSES COMBINED cont.

- (11) **Unpaid Agreed Claims per PRO's records:** The value of a Scheme Claim which according to PRO's records has been agreed as due to the relevant Scheme Creditor as at the Ascertainment Date, but not paid or discharged by the operation of set-off or otherwise, and in the case of Sovereign before taking account of any Scheme Payments.

This field will already be populated. If you consider the value shown does not reflect your records, please refer to field (13).

- (12) **Total:** The total of the Unpaid Agreed Claims per PRO's records, as per field (11).
- (13) **Additional Unpaid Claims:** If field (11) does not reflect your records, enter the value, as at the Ascertainment Date, as per your records, of Scheme Claims that you assert are due for payment to you by the Scheme Companies which are not included in the Unpaid Agreed Claims field. The value you enter must represent the difference between your records and that presented in field (11).
- (14) **Outstanding Claims (Undiscounted):** Enter the estimated total value, as at the Ascertainment Date, as per your records, of Scheme Claims in respect of losses notified to you for which you assert that an amount will become due for payment to you by the Scheme Companies, excluding any amounts already included in (11) and/or (13) above. These values must be before discounting.
- (15) **Value of Discount for Outstanding Claims:** Enter the discount amount to reflect the time value of money to be applied to the Outstanding Claims, all of which are shown undiscounted in field (14). Please refer to Appendix D2 for the 'Claim Type' and the associated Scheme discount percentage and apply the relevant discount percentage to each Claim Type making up the overall undiscounted value. Alternatively you may apply your own discount percentage (in which case you are requested to provide documentation supporting your discount percentage). If no discount percentage is entered, discount percentages will be applied by PRO based upon Appendix D2.

If amounts are entered at policy level only (i.e. not at claim level), the Claim Type 'Other Claim Types' and the associated discount percentage (31%) should be used. You may apply your own discount percentage, in which case you are requested to provide documentation supporting your discount percentage.

- (16) **IBNR Claims (Undiscounted):** Enter the estimated total value, as at the Ascertainment Date, as per your records, of Scheme Claims in respect of losses which have been incurred by you but not notified to you, for which you assert that an amount will become due for payment to you by the Scheme Companies, excluding any amounts already included in (11) and/or (13) and/or (14) above. These values must be before discounting.
- (17) **Value of Discount for IBNR Claims:** Enter the discount amount to reflect the time value of money to be applied to the IBNR Claims, all of which are shown undiscounted in field (16). Please refer to Appendix D2 for the Scheme discount percentage for each Claim Type and apply the relevant discount percentage to each Claim Type making up the overall undiscounted value. Alternatively you may apply your own discount percentage (in which case you are requested to provide documentation supporting your discount percentage). If no discount percentage is entered, discount percentages will be applied by PRO based upon Appendix D2.

If amounts are entered at policy level only (i.e. not at claim level), the Claim Type 'Other Claim Types' and the associated discount percentage (31%) should be used.

(continued)

WFUM POOLS SCHEME VOTING FORM

NOTES FOR THE COMPLETION OF THE VOTING FORMS

SECTION B: VOTING - ALL SCHEME COMPANIES

AND CLASSES COMBINED cont.

- (18) **Additional Values Added - Total:** Enter the total of the additional values (Additional Unpaid Claims plus Outstanding Claims (Undiscounted) plus IBNR Claims (Undiscounted) less discounts) (13+14-15+16-17).
- (19) **Less sums available to be set-off for voting purposes** - this refers to liquidated and established amounts in respect of reinsurance due from Scheme Creditors as well as any other liquidated and established amounts due from Scheme Creditors in respect of Scheme business.

For Sovereign this includes amounts agreed and offset against Scheme Claims under the Original Sovereign Scheme.

Should you hold amounts due to the Scheme Companies at individual Scheme Company level on your records, please enter these in box 19 (Section D) of the voting form for each relevant Scheme Company. Should you hold amounts due to the Scheme Companies at a block level for all Scheme companies, please refer to the set-off allocation schedule provided with this form, in order to apportion the total amounts between the relevant Scheme Companies. If you do not have a set-off allocation schedule, please contact PRO. Should there be any further queries in quantifying the amount for set-off or allocating the amount across the Scheme Companies, please contact PRO.

Please note set-off should be applied to the non-IBNR class (after time value discount) for the Scheme Companies other than Sovereign and its subsidiaries, Sovereign UK and Greyfriars, for which set-off should be applied to the single class.

- (20) **Less sums available to be set-off for voting purposes - Total:** The total of the agreed sums which are due from the Scheme Creditor to the Scheme Company, as per field (19).
- (21) **Net Total:** Enter the total of the Unpaid Agreed Claims per PRO's records (12) plus the total of the Additional Values Added by you (18) less the amounts available for set-off in accordance with (20).

These totals must be split across the relevant Scheme Companies on Section D. Refer to note (23) and (24).

WFUM POOLS SCHEME VOTING FORM

NOTES FOR THE COMPLETION OF THE VOTING FORMS

SECTION C:

VOTING - EACH SCHEME COMPANY AND CLASS INDIVIDUALLY

Section C of this form allows you to vote For, Against, Abstain from or select Proxyholder's Discretion for each of the individual Scheme Companies within each class meeting.

Alternatively, if you wish to vote in respect of all Scheme Companies and classes combined including Sovereign and its subsidiaries, please leave Section C blank and complete the details under Section B.

In all cases the vote should be supported by a schedule of balances at policy level. Please refer to the 'Supporting Schedule' at Section F. **Failure to provide substantiation by not completing Section F or providing appropriate documentation could result in a lower voting value being admitted.**

By completing Section C and submitting a vote, you are registering a vote in respect of that individual Scheme Company for the selected class. Section C should be completed for each individual Scheme Company within each class against which you wish to lodge a vote. A list of such companies including their former names can be found at page (i) of the Scheme Document or on the Website at www.wfumpools.com.

(22) Vote:

For the Scheme: In order to submit a vote "For" the Scheme where you are a Scheme Creditor, please enter a tick [✓] for the selected Scheme Companies within the For the Scheme column.

Against the Scheme: In order to submit a vote "Against" the Scheme where you are a Scheme Creditor, please enter a tick [✓] for the selected Scheme Companies within the Against the Scheme column.

Abstain: If you wish to abstain from the vote where you are a Scheme Creditor, please enter a tick [✓] for the selected Scheme Companies within the Abstention column.

Proxyholder's Discretion: Where you have nominated a Proxyholder to vote at the Meetings and wish them to decide how to vote on the day of the Meetings, please enter a tick [✓] for the selected Scheme Companies within the Proxyholder's Discretion column. Please refer to note (3) in Section A regarding the Proxyholder details. Evidence of authority (e.g. deed of assignment, letter of authorisation) in a form acceptable to the Chairman will be required. **Please note that if you have selected the Chairman as your Proxyholder you must not enter a tick [✓] into this box: you must enter a tick [✓] in either the 'For', 'Against' or 'Abstention' box.**

As per Section B for voting at combined Scheme Company and class level, the values for each Scheme Company within Section C needs to be recorded to facilitate the calculation of the votes across the Scheme Companies.

Therefore, please complete Section D (to show a breakdown of the values split by Scheme Company).

Note: the columns numbered (12) to (19) relate to the numbered notes for Section B.

WFUM POOLS SCHEME VOTING FORM

NOTES FOR THE COMPLETION OF THE VOTING FORMS

SECTION D:

VALUE SPLIT BY SCHEME COMPANIES

This section allows you to enter the value against each Scheme Company where you are an overall creditor to that Scheme Company (i.e. where the value is due to you).

Enter the appropriate values in consolidated USD against each relevant Scheme Company on the form.

(23) **Scheme Companies:** Only enter a value against a Scheme Company where you are an overall creditor to that Scheme Company (i.e. where the value is due to you). Leave all other Scheme Companies blank.

(24) **Overall Total (consolidated USD):** The sum of the total for all Scheme Companies for which you are a Scheme Creditor.

Note: the columns numbered (12) to (19) relate to the numbered notes for Section B.

Now please complete Section E.

SAMPLE

WFUM POOLS SCHEME VOTING FORM

NOTES FOR THE COMPLETION OF THE VOTING FORMS

SECTION E: SUMMARY VOTE BY SCHEME COMPANY AND CLASS

(25) Please note the following calculations for the Scheme Vote Value:

(i) Sovereign and its subsidiaries :

(11) Unpaid Agreed Claims + (13) Additional Unpaid Claims + (14) Outstanding Claims (Undiscounted) - (15) Discount + (16) IBNR Claims (Undiscounted) - (17) Discount - (19) sums available to be set-off for voting purposes

(ii) Non-IBNR Class:

(11) Unpaid Agreed Claims + (13) Additional Unpaid Claims + (14) Outstanding Claims (Undiscounted) - (15) Discount - (19) sums available to be set-off for voting purposes

(iii) IBNR Class:

(16) IBNR Claims (Undiscounted) - (17) Discount

Sums available to be set-off for voting purposes

Please note as per Section B note 19, this refers to liquidated and established amounts in respect of reinsurance due from Scheme Creditors as well as any other liquidated and established amounts due from Scheme Creditors in respect of Scheme business.

For Sovereign this includes amounts agreed and offset against Scheme Claims under the Original Sovereign Scheme.

Should you hold amounts due to the Scheme Companies at individual Scheme Company level on your records, please enter these in box 19 of the voting form for each relevant Scheme Company. Should you hold amounts due to the Scheme Companies at a block level for all Scheme Companies, please refer to the set-off allocation schedule provided with this form, in order to apportion the total amounts between the relevant Scheme Companies. If you do not have a set-off allocation schedule, please contact PRO. Should there be any further queries in quantifying the amount for set-off or allocating the amount across the Scheme Companies, please contact PRO.

Please note set-off should be applied to the non-IBNR class (after time value discount) for the Scheme Companies other than Sovereign and its subsidiaries, Sovereign UK and Greyfriars, for which set-off should be applied to the single class.

WFUM POOLS SCHEME VOTING FORM

NOTES FOR THE COMPLETION OF THE VOTING FORMS SECTION F: VOTING SUPPORTING SCHEDULE

It is recommended that values on the voting form sections B or D are broken down to policy and claim type level. Such detail may be needed to support the submitted vote. Failure to provide it could result in a lower voting value being admitted. Please provide any relevant supporting documentation for values entered.

The schedule provides a breakdown of the voting values relating to business insured / reinsured by WFUM Pools. Details can be entered at both Insurance Contract level and Claim Type (please refer to Appendix D2). This schedule is to be used to support the submitted voting value, whether submitted via an 'en bloc' vote (Section B) or an individual vote in respect of each Scheme Company (Section C).

All values are to be entered in consolidated USD (please see Appendix D1 for the rates of exchange).

- (26) **Ref:** Unique identification number.
- (27) **Your Insurance Contract reference number:** Specify your reference number which relates to the Insurance Contract under which the claim(s) arise(s).
- (28) **WFUM Pools Insurance Contract reference number:** Specify the Scheme Companies' reference number which relates to the Insurance Contract under which the claim(s) arise(s) if known.
- (29) **Claim Type:** Please refer to Appendix D2 for a list of Claim Types. The breakdown of Claims by Claim Type will determine the calculation of any discount; please refer to note (15) and (17).
- (30) **Policy Type:** Please refer to Appendix D3 for a list of 'Policy Types'.
- (31) **Inception date:** Specify the date (dd/mm/yy) when each Insurance Contract commenced. Insurance Contracts of more than 12 months plus odd time (for example, an extension by endorsement of 3 months) should be treated as one contract. For continuous contracts, each annual renewal should be shown as a separate Insurance Contract.
- (32) **Ultimate Signed Line:** Specify the Scheme Companies' total participation percentage (maximum 6 decimal places) on each Insurance Contract. Should there be more than one stamp covering the Scheme Companies' on the Insurance Contract, please show the total percentage for all Scheme Company stamps on the Schedule.
- (33) **Date of Loss:** the date of the loss / event expressed as "dd/mm/yy".
- (34) **Unpaid Agreed Claims per PRO's records:** The value of a Scheme Claim which according to PRO's records has been agreed as due to the relevant Scheme Creditor as at the Ascertainment Date, but not paid or discharged by the operation of set-off or otherwise, and in the case of Sovereign before taking account of any Scheme Payments.

This field will already be populated. If you consider the value shown does not reflect your records, please refer to field (35)

(continued)

WFUM POOLS SCHEME VOTING FORM

NOTES FOR THE COMPLETION OF THE VOTING FORMS SECTION F: VOTING SUPPORTING SCHEDULE **cont.**

- (35) **Additional Unpaid Claims:** If field (34) does not reflect your records, enter the value, as at the Ascertainment Date, as per your records, of Scheme Claims that you assert are due for payment to you by the Scheme Company which are not included in the Unpaid Agreed Claims field. The value you enter must represent the difference between your records and that presented in field (34).
- (36) **Outstanding Claims (Undiscounted):** Enter the estimated total value, as at the Ascertainment Date, as per your records, of Scheme Claims in respect of losses notified to you for which you assert that an amount will become due for payment to you by the Scheme Companies, excluding any amounts already included in (34) and/or (35) above. These values must be before discounting.
- (37) **Value of Discount for Outstanding Claims:** Enter the discount amount to reflect the time value of money to be applied to the Outstanding Claims, all of which are shown undiscounted in field (36). Please refer to Appendix D2 for the Claim Type and the associated Scheme discount percentage and apply the relevant discount percentage to each Claim Type making up the overall undiscounted value. Alternatively you may apply your own discount percentage (in which case you are requested to provide documentation supporting your discount percentage). If no discount percentage is entered, discount percentages will be applied by PRO based upon Appendix D2.

If amounts are entered at policy level only (i.e. not at claim level), the Claim Type 'Other Claim Types' and the associated discount percentage (31%) should be used. You may apply your own discount percentage, in which case you are requested to provide documentation supporting your discount percentage.

- (38) **IBNR Claims (Undiscounted):** Enter the estimated total value, as at the Ascertainment Date, as per your records, of Scheme Claims in respect of losses which have been incurred by you but not notified to you, for which you assert that an amount will become due for payment to you by the Scheme Companies, excluding any amounts already included in (34) and/or (35) and/or (36) above. These values must be before discounting.
- (39) **Value of Discount for IBNR Claims:** Enter the discount amount to reflect the time value of money to be applied to the IBNR Claims, all of which are shown undiscounted in field (38). Please refer to Appendix D2 for the Scheme discount percentage for each Claim Type and apply the relevant discount percentage to each Claim Type making up the overall undiscounted value. Alternatively you may apply your own discount percentage (in which case you are requested to provide documentation supporting your discount percentage). If no discount percentage is entered, discount percentages will be applied by PRO based upon Appendix D2.

If amounts are entered at policy level only (i.e. not at claim level), the Claim Type 'Other Claim Types' and the associated discount percentage (31%) should be used. You may apply your own discount percentage, in which case you are requested to provide documentation supporting your discount percentage.

WFUM POOLS SCHEME VOTING FORM

APPENDICES

Appendix D1: Currency codes and rates of exchange into US Dollars

As at 31/10/2005 per the Financial Times.

CAD	CANADIAN DOLLAR	1.180790
EUR	EURO CCY UNIT	0.830508
GBP	UK POUND STERLING	0.564971
USD	US DOLLAR	1.000000
AED	UAE DIRHAM	3.689265
AFA	AFGHANI	43.169491
ALL	ALBANIAN LEK	102.536723
ANG	ANTIL GUILDER	1.796610
AOK	ANGOLAN KWANZA	89.180790
ARP	ARGENTINE PESO	3.016949
ATS	AUST SCHILLING	11.418079
AUD	AUS DOLLAR	1.338983
BBD	BARBADOS DOLLAR	2.005649
BDT	BANGLADESH TAKA	65.988700
BEF	BELGIAN FRANC	33.468926
BGL	BULGARIAN LEV	1.621468
BHD	BAHRAIN DINAR	0.378531
BIF	BURUNDI FRANC	1003.898305
BMD	BERMUDAN DOLLAR	1.005649
BND	BRUNEI DOLLAR	1.700564
BOP	BOLIVIAN PESO	8.050847
BRC	BRAZIL CRUZEIRO	2.282485
BSD	BAHAMAN DOLLAR	1.005649
BTN	NGULTRUM	45.242937
BUK	BURMESE KYAT	6.446327
BWP	BOTSWANA PULA	5.632768
BZD	BELIZE DOLLAR	1.983050
CAD	CANADIAN DOLLAR	1.180790
CHF	SWISS FRANC	1.282485
CLP	CHILEAN PESO	545.870056
CNY	CHINA RENM YUAN	8.112994
COP	COLUMBIAN PESO	2300.129943
CRC	COSTA RIC COLON	492.209039
CSD	SERBIAN DINAR	71.175141
CSK	CZECH KORUNA	24.644067
CUP	CUBAN PESO	1.000000
CVE	CAP VER ESCUDO	91.858757
CYP	CYPRUS POUND	0.474576

WFUM POOLS SCHEME VOTING FORM

DEM	DEUTSCHMARK	1.621468
DJF	DJIBOUTI FRANC	175.079096
DKK	DANISH KRONE	6.192090
DOP	DOMINICAN PESO	33.429378
DZD	ALGERIAN DINAR	73.107344
ECS	ECUADOR SUCRE	1.000000
EGP	EGYPTIAN POUND	5.785310
ESP	PESETA	138.033898
ETB	ETHIOPIAN BIRR	8.751412
EUR	EURO CCY UNIT	0.830508
FIM	FINNISH MARKKA	4.932203
FJD	FIJI DOLLAR	1.711864
FKP	FALKLAND POUND	0.564971
FRF	FRENCH FRANC	5.440677
GBP	UK POUND STERLING	0.564971
GHC	GHANAIAN CEDI	9115.423728
GIP	GIBRALTAR POUND	0.564971
GMD	GAMBIAN DALASI	28.361581
GNS	GUINEA SYLI	4141.084745
GQE	EQ GUIN EKWELE	544.203389
GRD	GREEK DRACHMA	282.689265
GTQ	GUAT QUETZAL	7.632768
GWP	GUIN-BISS PESO	544.203389
GYD	GUYANA DOLLAR	190.740112
HKD	HK DOLLAR	7.785310
HNL	HONDU LEMPIRA	18.932203
HRD	CROATIAN DINAR	6.118644
HTG	HAITI GOURDE	42.316384
HUF	HUNGARY FORINT	207.960451
IDR	INDON RUPIAH	10064.067796
IEP	IRISH PUNT	0.655367
ILS	ISRAEL SHEKEL	4.666666
INR	INDIAN RUPEE	45.242937
IQD	IRAQI DINAR	1475.327683
IRR	IRANIAN RIAL	9086.271186
ISK	ICELAND KRONA	61.050847
ITL	ITALIAN LIRA	1606.338983
JMD	JAMAICAN DOLLAR	63.830508
JOD	JORDANIAN DINAR	0.711864
JPY	JAPANESE YEN	116.084745
KES	KENYA SHILLING	73.887005
KHR	KAMPUCHEA RIEL	4171.197740
KMF	COMOROS FRANC	408.152542
KPW	NTH KOREAN WON	903.508474
KRW	S KOREAN WON	1046.564971
KWD	KUWAITI DINAR	0.293785

WFUM POOLS SCHEME VOTING FORM

KYD	CAYMAN DOLLAR	0.830508
LAK	LAOS KIP	10490.734463
LBP	LEBANESE POUND	1508.858757
LKR	SRI LANKA RUPEE	102.254237
LRD	LIBERIAN DOLLAR	54.209039
LSM	LESOTHO MALOTI	6.751412
LUF	LUXEMB FRANC	33.468926
LYD	LIBYAN DINAR	1.338983
MAD	MOROCCAN DIRHAM	9.090395
MGA	MALAGASY ARIARY	2115.717514
MLF	MALI FRANC	544.203389
MNT	MONGOL TUGRIK	1225.757062
MOP	MACAU PATACA	8.016949
MRO	MAURIT OUGUIYA	272.355932
MTP	MALTA POUND	0.355932
MUR	MAURITIUS RUPEE	30.468926
MVR	MALDIVE RUPEE	12.847457
MWK	MALAWI KWACHA	123.711864
MXP	MEXICAN PESO	10.887005
MYR	MALAY RINGGIT	3.790960
MZM	MOZAMB METICAL	26365.367231
NAD	NAMIBIAN DOLLAR	6.751412
NGN	NIGERIAN NAIRA	131.559322
NIC	NICARAG CORDOBA	16.836158
NLG	NETHER GUILDER	1.830508
NOK	NORWEGIAN KRONE	6.474576
NPR	NEPALESE RUPEE	72.384180
NZD	NZ DOLLAR	1.423728
OMR	OMANI RIAL	0.384180
PAB	PANAMA BALBOA	1.005649
PES	PERUVIAN SOL	3.395480
PGK	PAPUA NG KINA	3.033898
PHP	PHILIPPINE PESO	55.129943
PKR	PAKISTAN RUPEE	59.920903
PLZ	POLISH ZLOTY	3.316384
PTE	PORTUGAL ESCUDO	166.322033
PYG	PARAG GUARANI	6158.926553
QAR	QATAR RIAL	3.655367
ROL	ROMANIAN LEU	30706.836158
RON	NEW ROMANIAN LEU 1/7/05	3.022598
RWF	RWANDA FRANC	550.389830
SAR	SAUDI RIYAL	3.762711
SBD	SOLOMON DOLLAR	7.412429
SCR	SEYCHELLE RUPEE	5.542372
SDP	SUDANESE POUND	235.598870
SEK	SWEDISH KRONA	7.909604

WFUM POOLS SCHEME VOTING FORM

SGD	SING DOLLAR	1.700564
SHP	ST HELENA POUND	0.564971
SLL	SIERRA L LEONE	2945.519774
SOS	SOMALI SHILLING	1947.564971
SRD	SURINAM DOLLAR	2.751412
STD	SAO TOME DOBRA	7559.378531
SUR	C.I.S. ROUBLE	28.564971
SVC	EL SALV COLON	8.785310
SYP	SYRIAN POUND	52.412429
SZL	SWAZI LILANGENI	6.751412
THB	THAI BAHT	40.909604
TND	TUNISIAN DINAR	1.338983
TOP	TONGAN PA'ANGA	1.977401
TPE	E TIMOR ESCUDO	145.819209
TRL	OLD TURKISH LIRA	1462703.898305
TRY	NEW TURKISH LIRA	1.355932
TTD	TRINIDAD DOLLAR	6.299435
TWD	TAIWAN DOLLAR	33.734463
TZS	TANZ SHILLING	1146.977401
UGS	UGANDA SHILLING	1836.881355
USD	US DOLLAR	1.000000
UYP	URUGUAYAN PESO	23.378531
VEB	VENEZ BOLIVAR	2888.689265
VND	S VIETNAM DONG	15964.971751
VUV	VANUATU VATU	112.790960
WST	W SAMOA TALA	2.723163
XAF	CFA FRANC	544.203389
XCD	E CARIB DOLLAR	2.711864
XPF	CFP FRANC	98.932203
YER	YEMENI RIYAL	194.971751
ZAR	S AFRICA RAND	6.751412
ZMK	ZAMBIAN KWACHA	4226.423728
ZRZ	ZAIRE/CONGO FRANC	462.293785
ZWD	ZIMBABWE DOLLAR	60790.903954

WFUM POOLS SCHEME VOTING FORM

Appendix D2: Claim Type codes and discount percentages

Refer to Note 15 and 17 on Section B and 29, 37 and 39 on Section F.

Item number	Code	Description	% Discount as at Ascertainment Date 31/12/05
1	ADN	US Asbestos Direct - Non Products	32
2	ADP	US Asbestos Direct - Products	32
3	ADO	US Asbestos Direct - Other	32
4	ATN	US Asbestos Treaty - Non Products	39
5	ATP	US Asbestos Treaty - Products	39
6	ATO	US Asbestos Treaty - Other	39
7	FEL	Federal Employer's Liability Act	35
8	UEP	US Environmental Pollution - Direct	23
9	UET	US Environmental Pollution - Treaty	31
10	UHI	US Health Hazard - Breast Implants	12
11	USW	US Health Hazard - Welding Rods	12
12	UHS	US Health Hazard - Silica	12
13	UHO	US Health Hazard - All Other	12
14	NUA	Non US APH	46
15	MEX	Marine LMX excluding APH	8
16	NEX	Non-Marine LMX excluding APH	8
17	AAO	Aviation LMX excluding APH	8
18	MMA	Medical Malpractice	19
19	SAL	Savings and Loans	19
20	SAB	Sexual Abuse Claims	19
21	LIA	Liability / Casualty - All Other	19
22	PTY	Property - All Other	8
23	OTH	Other Claim Types	31

WFUM POOLS SCHEME VOTING FORM

Appendix D3: Policy Type codes

Refer to Note 30 on Section F.

Policy Type Code	Policy Type Description
AVC	Aviation Hull/Liabilities (Combined)
AVH	Aviation Hull
AVL	Aviation Liabilities
AVR	Aviation All Risks
AVX	Aviation Excess of Loss
MAC	Marine Cargo
MAH	Marine Hull/Liability
MAR	Marine All Risks
MAX	Marine Excess of Loss
NMC	Non Marine Casualty/Liability/Long Tail
NMP	Non Marine Property
NMR	Non Marine All Risks
NMX	Non Marine Excess of Loss

SCHEDULE III

Members of Sovereign's Creditors' Committee

Member	Represented by
Anderson Kill & Olick, P.C.	Mr M Keenan
Equitas Ltd	Mr R Williams
Financial Services Compensation Scheme Ltd	Mr E Boucher
Gilbert Heintz & Randolph LLP	Ms J Brennan
KWELM Management Services Ltd	Mr I Sleave
The Resolutions Group, Inc	Mr F DeMaria

SCHEDULE IV

Statement of Scheme Companies' Directors' Material Interests

Director	Scheme Company or Companies	Material Interest
D A Torrance	Allianz Cornhill Insurance plc	76 ordinary shares of £1 each in Allianz Cornhill Insurance plc
G R Stratford	Allianz Cornhill Insurance plc	777 ordinary shares of £1 each in Allianz Cornhill Insurance plc
James Richard Bolton	Greyfriars Insurance Company Limited Sovereign Insurance (UK) Limited Sovereign Marine & General Insurance Company Limited	Employee of KPMG working on behalf of the Scheme Administrators in the Sovereign estate Beneficiary of indemnity under clause 13.4 of the Scheme. Potential Sovereign Released Party under clause 16.2 of the Scheme. Potential beneficiary of Post-Completion Trust under clauses 16.2.7 or 16.4.2 of the Scheme.
Darryl Marcus Ashbourne	Greyfriars Insurance Company Limited Sovereign Insurance (UK) Limited Sovereign Marine & General Insurance Company Limited	Employee of KPMG working on behalf of the Scheme Administrators in the Sovereign estate Beneficiary of indemnity under clause 13.4 of the Scheme. Potential Sovereign Released Party under clause 16.2 of the Scheme. Potential beneficiary of Post-Completion Trust under clauses 16.2.7 or 16.4.2 of the Scheme.

Other than as stated above, none of the directors of the Scheme Companies have any material interest which will or may be affected by the Scheme.

SCHEDULE V

Explanation of Relief under Section 304 and Chapter 15 of the United States Bankruptcy Code ("Code")

Each Scheme Company (other than Sovereign, Atlantic Mutual and Continental) will apply for recognition of its Scheme and additional relief from the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") under Chapter 15 of the Code. The recently enacted Chapter 15 incorporates the Model Law on Cross-Border Insolvency promulgated by the United Nations Commission on International Trade Law. Chapter 15 replaces section 304 of the Code and applies to all ancillary cases filed on or after 17 October 2005.

Unlike the other Scheme Companies, Sovereign is already a debtor in an ancillary proceeding in the United States. On 11 July 1997, the Joint Provisional Liquidators of Sovereign commenced an ancillary proceeding under section 304 of the Code in the Bankruptcy Court. By order dated 30 December 1999 (the "**Permanent Injunction Order**"), the Bankruptcy Court granted recognition to the Original Sovereign Scheme in the United States. The Permanent Injunction Order remains in full force and effect. In order to ensure that all Scheme Creditors of Sovereign are bound to the terms of its Scheme, Sovereign will request that the Permanent Injunction Order be modified to grant recognition of Sovereign's Scheme. Such application will be made in Sovereign's section 304 proceeding.

Because Atlantic Mutual is a United States insurance company, it is not eligible to be a debtor under Chapter 15. Thus, Atlantic Mutual will not file its own Chapter 15 petition. However, recognition of the Schemes of the other Scheme Companies should result in Atlantic Mutual obtaining some injunctive relief. Upon recognition, Scheme Creditors will be bound by all of the provisions of the Scheme, including clause 2.8.4. As a result, Atlantic Mutual's Scheme Creditors that are Scheme Creditors of any Scheme Company whose Scheme is recognized will be enjoined from taking actions against Atlantic Mutual or its property in the United States. The Scheme Companies will request that the order granting recognition of their Schemes expressly incorporate clause 2.8.4.

Continental does not currently intend to file a Chapter 15 petition.

Recognition in the United States of the Schemes of the Scheme Companies (other than Sovereign, Atlantic Mutual and Continental) under Chapter 15 will begin with the filing of a petition on behalf of each of those Scheme Companies. A prerequisite for relief under Chapter 15 is the existence of a foreign proceeding. For purposes of Chapter 15, a "foreign proceeding" is defined as "a collective judicial or administrative proceeding in a foreign country, including an interim proceeding, under a

law relating to insolvency or adjustment of debt in which proceeding the assets and affairs of the debtor are subject to control or supervision by a foreign court, for the purpose of reorganisation or liquidation." This new definition is substantially similar to that used in section 304.

Although cases decided under section 304 are not necessarily applicable to Chapter 15, the Bankruptcy Court may consider such cases as persuasive when considering language in Chapter 15 that is similar to language previously contained in section 304. Under section 304, courts have concluded that schemes of arrangement under section 425 of the Companies Act 1985 (and similar statutes) qualified as foreign proceedings because the scheme process is a judicial proceeding to adjust debts. Based upon this rationale, the Bankruptcy Court will be asked to find that the Schemes proposed for the Scheme Companies (other than Sovereign, Atlantic Mutual and Continental) qualify as foreign proceedings for the purposes of Chapter 15.

Chapter 15 draws a distinction between a foreign "main" proceeding and a foreign "nonmain" proceeding. A foreign main proceeding refers to "a foreign proceeding pending in the country where the debtor has the center of its main interests." While Chapter 15 does not define what constitutes the "center of its main interests," it contains the presumption that a debtor's registered office is the center of a debtor's main interests. A foreign nonmain proceeding refers to a foreign proceeding pending in a country where the debtor has an "establishment." An establishment is defined as "any place of operations where the debtor carries out a nontransitory economic activity."

Based upon the definitions set forth in the Code, the Schemes of Allianz Cornhill, Greyfriars, Heddington, Mitsui, Ocean, Oslo, Sea Insurance, Sovereign UK, Sphere Drake, Tokio Marine and Wausau which have their registered offices and are incorporated in the United Kingdom (the "**UK Scheme Companies**") will be sought to be recognised as foreign main proceedings. The Schemes of Allianz Global and Hibernian, which have their registered offices and are incorporated outside the United Kingdom, will be sought to be recognised as foreign nonmain proceedings.

Upon recognition of the Schemes of the UK Scheme Companies as foreign main proceedings, several provisions of the Code will automatically apply, pursuant to section 1520(a) of the Code, with respect to the UK Scheme Companies and their property in the United States, including the automatic stay provided under section 362 of the Code.

To supplement the automatic relief provided to the UK Scheme Companies under section 1520(a) and to ensure that the relief granted to all the Scheme Companies is substantially similar, each Scheme Company (other than Atlantic Mutual and Continental) will seek relief from the Bankruptcy Court in the form of an order providing, among other things, that:

1. its Scheme (including any amendments or modifications of that Scheme) be recognised and given full force and effect and be binding on and enforceable against all Scheme Creditors in the United States;
2. all of its Scheme Creditors be permanently enjoined and restrained from:
 - 2.1 seizing, repossessing, transferring, relinquishing or disposing of any property of the Scheme Company or the proceeds of such property, to third parties, that is not in compliance with its Scheme;
 - 2.2 commencing or continuing Proceedings against the Scheme Company or any of its property that is involved in the foreign proceedings, or the proceeds thereof, and seeking discovery of any nature against the Scheme Company that is not in compliance with its Scheme;
 - 2.3 enforcing any judicial, quasi-judicial, administrative or regulatory judgment, assessment or order or arbitration award and commencing or continuing any act or any Proceeding to create, perfect or enforce any lien, set-off, attachment, garnishment or other claim against the Scheme Company or any of its property or any proceeds thereof, including, without limitation, rights under reinsurance or retrocession contracts;
 - 2.4 invoking, enforcing or relying on the benefits of any statute, rule or requirement of federal, state or local law or regulation requiring the Scheme Company to establish or post security in the form of a bond, letter of credit or otherwise as a condition of prosecuting or defending any Proceeding and such statute, rule or requirement will be rendered null and void for Proceedings; provided, however, that nothing in the order shall in any respect affect any security in existence at the Effective Date, or the Original Sovereign Scheme Date (in the case of Sovereign), or the replacements for such security; and
 - 2.5 withdrawing from, setting off against, or otherwise applying property that is the subject of any trust or escrow agreement, letter of credit or similar agreement in which the Scheme Company has an interest in excess of amounts expressly authorised by the terms of the trust, escrow, letter of credit or similar agreement.
3. all persons and entities in possession, custody or control of property of the Scheme Company or the proceeds thereof, are required to turn over and account for such property or proceeds to the Scheme Company or its Scheme Administrators;

4. nothing in the order would prevent the continuance or commencement of Proceedings against any person, entity or other insurer other than the Scheme Company, provided, however, that if any third party shall reach a settlement with, or obtain a judgment against, any person or entity other than the Scheme Company, such settlement or judgment shall not be binding on or enforceable against the Scheme Company or its property, or any proceeds thereof;
5. pursuant to Rule 7065 of the US Bankruptcy Rules, the security provisions of Rule 65(c) of the Federal Rules of Civil Procedure be waived;
6. the Bankruptcy Court would retain jurisdiction with respect to the enforcement, amendment, or modification of the order or requests for any additional relief in the ancillary proceeding or cases filed under section 304 or Chapter 15 of the Code and all adversary proceedings in connection therewith properly commenced and within the jurisdiction of the Bankruptcy Court;
7. the High Court of Justice of England and Wales has exclusive jurisdiction to hear and determine any suit, action, claim or proceeding and to settle any dispute which may arise out of the construction or interpretation of the Scheme, or out of any action taken or omitted to be taken by any of the Scheme Parties in connection with the administration of the Scheme; provided, however, that in relation to the determination of Scheme Claims nothing in the order affects the validity of provisions determining governing law and jurisdiction, whether contained in any contract between a Scheme Company and any of its Scheme Creditors or otherwise;
8. no action taken by the Scheme Company, the Scheme Adviser, the Scheme Manager, the Scheme Administrators, their respective successors, directors, officers, agents, employees, representatives, advisers or attorneys, or any of them, in preparing, disseminating, applying for, implementing or otherwise acting in furtherance of the Scheme, any further order for additional relief in the ancillary proceedings or cases filed under section 304 or Chapter 15 of the Code, or any adversary proceedings in connection therewith as the Code may make, will be deemed to constitute a waiver of the immunity afforded to the Scheme Company, the Scheme Adviser, the Scheme Manager, the Scheme Administrators, their respective successors, directors, officers, agents, employees, representatives, advisers or attorneys, pursuant to section 306 or section 1510, as applicable, of the Code; and
9. all persons be permanently enjoined and restrained from commencing or continuing any Proceeding against the Scheme Company, the Scheme Adviser, the Scheme Manager, the Scheme Administrators, the Provisional Liquidators (in the case of Sovereign), the members of the informal creditors' committee (in the case of Sovereign), the Creditors' Committee (in

the case of Sovereign), or any of their respective successors, directors, officers, agents, employees, representatives, advisers or attorneys (the "**Pre-Scheme Parties**"), or any of them with respect to any claim or cause of action, in law or in equity, arising out of or relating to any action taken or omitted to be taken as of the Effective Date by any of the Pre-Scheme Parties in connection with the section 304 or Chapter 15 cases or in preparing, disseminating, applying for or implementing the Original Sovereign Scheme, the Permanent Injunction Order, the Scheme or the order;

10. except as otherwise provided in the order, all persons be permanently enjoined and restrained from commencing or continuing any Proceeding against the Scheme Company, the Scheme Administrators, the Scheme Manager, the Scheme Adviser, the members of the Creditors' Committee (in the case of Sovereign), or any of their respective directors, officers, agents, employees, representatives, financial advisers or attorneys (the "**Scheme Parties**"), or any of them, with respect to any claim or cause of action, in law or in equity, which may arise out of the construction or interpretation of the Scheme or out of any action taken or omitted to be taken by any of the Scheme Parties in connection with the administration of the Scheme or the Original Sovereign Scheme;

11. all persons that are beneficiaries of letters of credit established by, on behalf of, or at the request of the Scheme Company, or parties to any trust or escrow agreement or similar arrangement in which the Scheme Company has an interest, shall be required to:

11.1 provide notice to the Scheme Company and the Scheme Manager or the Scheme Administrators (in the case of Sovereign) and their United States Counsel of any drawdown on any letter of credit established by, on behalf of, or at the request of, the Scheme Company, or any withdrawal from, set-off against, or other application of property that is the subject of any escrow or trust agreement or similar arrangement in which Sovereign has an interest, together with information sufficient to permit the Scheme Company and the Scheme Manager or the Scheme Administrators (in the case of Sovereign) to assess the propriety of such action, including, without limitation, the date and amount of such drawdown, withdrawal, set-off or other application and a copy of any agreement pursuant to which such drawdown, withdrawal, set-off or other application was made and provide such notice and other information contemporaneously therewith; provided however, no drawing against any letter of credit or withdrawal from any escrow, trust or similar arrangement shall be made in connection with any commutation unless the amount of such drawing has been agreed in writing with the Scheme Company and the Scheme Manager or the Scheme Administrators (in the case of Sovereign); and

- 11.2 turn over and account to the Scheme Company and the Scheme Manager or the Scheme Administrators (in the case of Sovereign) for all funds resulting from the drawdown of any letter of credit or the application of funds subject to any trust, escrow or similar arrangement in excess of the amount expressly authorised by the terms of the contract, trust or other agreement pursuant to which such letter of credit, trust, escrow or similar arrangement was established;
12. the Scheme Company, the Scheme Manager and the Scheme Administrators be authorised to transfer to the foreign proceedings for distribution pursuant to the Scheme any monies or assets of the Scheme Company which the Scheme Company, the Scheme Manager or the Scheme Administrators have or may hereafter recover;
13. all persons that have a claim of any nature or source against the Scheme Company and who are parties to any Proceeding in which a Scheme Company is or was a party or in which a liability of a Scheme Company may be established, shall be required to place the Scheme Company and the Scheme Manager or the Scheme Administrators (in the case of Sovereign) and their United States Counsel on the master service list of any such Proceeding and to take such other steps as may be necessary to ensure that such Counsel receives:
 - 13.1 copies of all documents served by the parties to such Proceeding or issued by the court, arbitrator, administrator, regulator or other official having jurisdiction over such Proceeding; and
 - 13.2 any and all correspondence or other documents circulated to parties named on any service list;
14. the order be served:
 - 14.1 by United States mail, first-class prepaid, on or before the date prescribed by the Bankruptcy Court upon the parties in interest;
 - 14.2 by publication on the Website; and
 - 14.3 by publication in The Wall Street Journal (US Edition) and Business Insurance on or before the date prescribed by the Bankruptcy Court;and that such service will be good and sufficient service and adequate notice for all purposes.
15. The Bankruptcy Court will be requested to provide relief for Sovereign, in addition to the relief set forth above, in the following manner:

15.1 in the event that a Scheme Creditor resolves a claim against Co-Insurers of Sovereign (in circumstances such that the stay on Proceedings against Sovereign in relation to that claim ceases to apply in accordance with clauses 12.10.2 and 10.12.3 of its Scheme), and either Sovereign or the Scheme Creditor decides to relitigate or force re-litigation of the claim (rather than agree to the Scheme Claim on the basis of its resolution against the solvent Co-Insurers), then in the event that Scheme Creditor is successful in such Proceedings Sovereign shall pay to the Scheme Creditor without set-off or other deduction all reasonable fees and costs incurred by the Scheme Creditor in connection with such Proceedings. In the event of a dispute over the reasonableness of such fees and costs, the Bankruptcy Court shall retain jurisdiction to decide this issue. For these purposes, a Scheme Creditor will be "successful" in that Proceeding if it obtains an order, decision, judgment or award from a court or tribunal that is not subject to any pending appeal, rehearing or reconsideration or to any right of appeal or to seek rehearing or reconsideration and which is, from the perspective of its interest, more favourable than both:

15.1.1 the Substantive Judgment or Final Settlement (as appropriate) in question;
and

15.1.2 any settlement offer made by the other party in writing prior to the commencement of the Proceeding;

15.2 except as amended or modified by the relief described above, the Permanent Injunction Order continues in full force and effect with respect to the Original Sovereign Scheme, as amended by the Scheme.

SCHEDULE VI

Documents Available for Inspection

1. The document of which this Schedule forms part including the Explanatory Statement and the Scheme.
2. Order of the Court dated 27 June 2006 convening the Meetings.
3. Letters from Sovereign's current Creditors' Committee supporting the Scheme Administrators.
4. Letter from the FSCS agreeing to undertake to be bound by the Scheme upon it becoming effective.
5. The report dated 2 December 2005 of Sovereign's Scheme Administrators to Sovereign's creditors.
6. The Original Sovereign Scheme dated 15 October 1999.
7. Consents to act from the Scheme Manager, Scheme Advisers, Scheme Actuary and Actuarial Adjudicator.
8. Curricula vitae for the Scheme Manager, Scheme Advisers, Scheme Actuary and Actuarial Adjudicator.
9. The latest audited accounts of each of the Scheme Companies.

Copies of the above documents will be available for inspection by Scheme Creditors after the date hereof until the closure of the Meetings in London at the offices of PRO at One Great Tower Street, London EC3R 5AA and in New York at the offices of Chadbourne & Parke LLP at 30 Rockefeller Plaza, New York, New York 10012, during ordinary business hours on weekdays (excluding public holidays).

SCHEDULE VII

FSCS Memorandum

Summary of the Policyholders Protection Act 1975 and the FSCS

Preliminary

1. This memorandum contains a summary of certain provisions of the Policyholders Protection Act and the role of the FSCS. It is not an exhaustive guide to all the provisions of the Policyholders Protection Act which may be relevant to establishing whether, and if so, to what extent a Scheme Creditor is eligible for protection or assistance from the FSCS under the Scheme. Certain expressions used herein are defined in the Scheme on pages 122 to 146 of this document.
2. **Any Scheme Creditor who is in any doubt as to his own position should take his own legal advice.**
3. **If the Scheme is not approved by Scheme Creditors and sanctioned by the Court, the Original Sovereign Scheme will continue unaffected.**

The Applicable Provisions

4. At midnight on 30 November 2001, the Policyholders Protection Act was repealed by the Financial Services and Markets Act 2000 (Consequential Amendments and Repeals) Order 2001. Protection under the Policyholders Protection Act is provided in relation to certain of Sovereign's liabilities under the Original Sovereign Scheme and the Scheme will preserve that position. The application of the Policyholders Protection Act will continue under the Scheme. The Policyholders Protection Board's functions in relation to Sovereign and its policies under the Policyholders Protection Act and the Original Sovereign Scheme have been transferred to the FSCS.
5. The FSCS has further obligations as a result of the Financial Services and Markets Act 2000 (Transitional Provisions, Repeals and Savings) (Financial Services Compensation Scheme) Order 2001 (2001 No 2967). The order extends protection to individuals with claims in respect of employers' liability policies which would have given rise to compensation payments under the Policyholders Protection Act if they had been underwritten after the Employers' Liability (Compulsory Insurance) Act 1969 came into force.

FSCS

6. The FSCS is a company limited by guarantee established by the FSA in accordance with Section 212 of FSMA. The FSCS exercises the functions previously carried on by the

Policyholders Protection Board. The assets and liabilities of the Policyholders Protection Board have been transferred to the FSCS, which further finances its functions by means of levies on authorised insurers.

Payment Obligations: the Policyholders Protection Act

7. The FSCS's obligations under the Scheme will continue to be determined principally by reference to its duties under the Policyholders Protection Act which, in the event of the liquidation of Sovereign on the Record Date (on 15 October 1999) to which the Policyholders Protection Act would have applied, it would have owed certain of Sovereign's policyholders or security holders in respect of policies issued or securities given by Sovereign. There are two categories of liabilities of Sovereign towards such policyholders or security holders which would qualify for protection under the Policyholders Protection Act:
 - (a) those where the liability may be protected as to 100% of its amount; and
 - (b) those where the liability may be protected as to 90% of its amount.

8. **It should be noted that the duties of the FSCS in a liquidation (and hence its obligations under the Scheme) are subject to a number of important qualifications. Furthermore, the existence of any duty of the FSCS in any particular case depends upon the relevant conditions of the Policyholders Protection Act being satisfied.**

100% Protection

9. Subject to the relevant provisions of the Policyholders Protection Act, in a liquidation to which the Policyholders Protection Act applies and, therefore, in the Original Sovereign Scheme (and the amending Scheme should it take effect), it is the duty of the FSCS to secure that a sum equal to the full amount of any "liability subject to compulsory insurance" of a company in liquidation towards any policyholder (who need not be for these purposes a "private policyholder") or security holder under the terms of any policy or security which satisfies the requirements of specified enactments is paid to the policyholder or security holder as soon as reasonably practicable after the beginning of the liquidation. For such purposes, as well as for the purposes of the 90% protection referred to below, a policy must have been a policy of insurance which was a "United Kingdom policy" at the time when the liquidation of the company began.

10. "A liability subject to compulsory insurance" is a liability required under specified enactments to be covered by insurance (or by some other provision for ensuring its discharge). The specified enactments are Section 1(4)(d) of the Riding Establishments Act 1964, Section 1 of the Employers' Liability (Compulsory insurance) Act 1969, Part VI of the Road Traffic Act

1988, and the equivalent provisions applicable to Northern Ireland. Policies evidencing contracts of insurance effected for the purpose of Section 19 of the Nuclear Installations Act 1965 are also covered.

11. Where a claim of a private policyholder relates to a liability under a policy of one of the types specified above which is **not** a liability subject to compulsory insurance it is only eligible for 90% protection. This 90% protection is discussed below.
12. The FSCS also has a duty, in a liquidation to which the Policyholders Protection Act applies, (and accordingly, the Scheme should it become effective) subject to the relevant provisions of the Policyholders Protection Act, to secure that a sum equal to the full amount of liability of a company in liquidation in respect of a sum payable to a person entitled to the benefit of a judgment under certain legislation (Section 149 of the Road Traffic Act 1972) or Section 151 of the Road Traffic Act 1988 or the equivalent provisions in force in Northern Ireland) is paid to that person as soon as reasonably practicable after the beginning of the liquidation.

90% Protection

13. The 90% protection is available only in respect of the liabilities of a company in liquidation towards "private policyholders". Subject to the relevant provisions of the Policyholders Protection Act, in a liquidation to which the Policyholders Protection Act applies, it is the duty of the FSCS to secure that a sum equal to 90% of the amount of the liability of an authorised insurance company in liquidation towards a "private policyholder" under the terms of the relevant policy is paid to the policyholder as soon as is reasonably practicable after the beginning of the liquidation.
14. A liability will not qualify for the 90% protection unless the relevant policy is a "general policy", or unless the policy is one of the types described in relation to the 100% protection above. A "general policy" means any policy evidencing a contract the effecting of which constituted the carrying on of general business within the meaning of the Insurance Companies Act 1982, with the exception of reinsurance and certain specified classes of business. The categories of "general business" which are relevant for the 90% protection are accident, sickness, land vehicles, railway rolling stock, fire and natural forces, damage to property, motor vehicle liability, general liability, credit, suretyship, miscellaneous financial loss and legal expenses.

Interpretation

15. The Policyholders Protection Act contains, or incorporates by reference, definitions of some of the more significant words and expressions mentioned above. Three definitions particularly relevant to the Scheme are set out below.

United Kingdom Policy

16. The policy in question must have been a "United Kingdom policy" within the meaning of Section 4(2) of the Policyholders Protection Act at the relevant time. A policy of insurance is a United Kingdom policy if, had any of the obligations under the contract evidenced by the policy been performed at the relevant time, such performance would have formed part of an insurance business which the insurer was authorised to carry on in the United Kingdom, whether or not such obligations would have been performed in the United Kingdom.

Policyholder

17. A claimant must be a "policyholder". A policyholder is the person who, for the time being, is the legal holder of the policy for securing the contract with the insurance company and includes a person to whom, under a policy, a sum is due or a periodic payment is payable.

Private Policyholder

18. The 90% protection described above is only available to policyholders who are "private policyholders".

A "private policyholder" means a policyholder who is either an individual or a partnership or other unincorporated body of persons, all of whom are individuals.

Consequently, a body corporate cannot be a private policyholder. Furthermore, it has been established by the English Courts that:

- (a) a professional corporation is not an individual and cannot be a private policyholder;
- (b) no partnership, one or more of whose partners is a professional corporation, can be a private policyholder, nor can any individual in his capacity as a partner in such partnership; and
- (c) being in partnership with a professional corporation does not disqualify an individual from being a private policyholder if he contracts with the insurance company in a capacity other than as a partner.

Basis of Preparation

19. The FSCS will consent to the amendment of the Original Sovereign Scheme by the Scheme and will continue to participate in the Scheme pursuant to its discretionary powers under Section 16(4) of the Policyholders Protection Act to take such measures as it considers appropriate, for the purposes of assisting policyholders of a company in financial difficulties,

to enable the company to continue to carry on insurance business. The FSCS has the power to make payments pursuant to Section 16(4) of the Policyholders Protection Act on such terms and on such conditions as it thinks fit.

Assignments

20. Any duty of the FSCS to assist a policyholder of a company in liquidation by the measures described in the preceding paragraph is subject to compliance on the part of the policyholder with any conditions imposed by the FSCS with respect to the total or partial assignment to the FSCS of his rights under or in respect of the policy and certain other rights.
21. As is the case in the Original Sovereign Scheme, the Scheme contains provisions by which all rights which a Protected Policyholder has in respect of or conjunction with an Agreed Protected Claim or a Protected Scheme Claim which subsequently matures into an Agreed Protected Claim in relation to which payment has been made by the FSCS (pursuant to the Scheme) are automatically and absolutely assigned to the FSCS with effect from payment being made. Alternatively, or in addition, the FSCS may require a separate assignment to it of such rights in advance and as a condition of it making payment. The right to require a separate assignment will also apply as will the other provisions of the Scheme in the event that the Scheme is completed and Sovereign goes into liquidation.

Other Relevant Provisions

Section 16

22. To receive protection from the FSCS under the Scheme, and to qualify as a "Protected Policyholder" for the purposes of the Scheme, a Scheme Creditor must, in addition to satisfying the other specified eligibility criteria, meet the requirements of Section 16(9) of the Policyholders Protection Act.
23. Accordingly, a Scheme Creditor must be a policyholder in respect of a general policy of Sovereign which was a United Kingdom policy on 11 July 1997, being the date when the Winding-up Petition was presented.

General

24. The obligations of the FSCS to Protected Policyholders under the Scheme will continue to be expressly made subject to the same conditions, limitations, qualifications and other provisions contained or referred to in, or capable of being imposed under specified sections of the Policyholders Protection Act. Some potentially significant aspects of the provisions are summarised below.

Duplication of Liability

25. Section 9(1) of the Policyholders Protection Act provides that the FSCS shall not, by virtue of any provision of Sections 6 to 8 of the Policyholders Protection Act, be required to secure any sum for a policyholder in respect of a policy of a company in liquidation which was a United Kingdom policy at the beginning of the liquidation by reference to any liability (or any part of any liability) which is duplicated by the liability of any other authorised insurance company which is not a company in liquidation.
26. By virtue of Section 9(2) of the Policyholders Protection Act, a liability of a company towards a policyholder is duplicated by the liability of another company for such purposes in so far as that other company is also under a liability, under the terms of any general policy which was a United Kingdom policy at the beginning of the first mentioned company's liquidation, to make any payment to or on behalf of the policyholder in respect of the matter to which the liability of the first mentioned company relates.

Payments to a person other than the Policyholder

27. Under Section 13(1) of the Policyholders Protection Act, where it appears to the FSCS, in the case of any policy of a company in liquidation:
 - (a) that payment in respect of any sums falling due under the policy could have been made in accordance with the policy to a person other than the policyholder;
 - (b) that any sums paid under the policy would have been subject to any trust, charge or other agreement binding on the policyholder.

The FSCS may secure the payment of any sum payable to the policyholder in accordance with any of the provisions of Sections 6 to 8 of the Policyholders Protection Act (in whole or in part) to that other persons or (as the case may be) to the person appearing to the FSCS to be entitled under the trust, charge or agreement in question, instead of to the policyholder.

28. Any payment made by virtue of the provisions of Section 13(1) of the Policyholders Protection Act to a person other than the policyholder is treated as a payment to the policyholder and may be made on such conditions (with respect to the total or partial assignment to the FSCS of any rights of the recipient against the policyholder or any other person, or otherwise) as the FSCS thinks fit.

Payments to the Policyholder by Third Parties

29. Section 14(1) of the Policyholders Protection Act provides that any payment made by any person other than the FSCS (such as an insurance broker or other intermediary or a guarantee

fund) to the policyholder, or to any other person, being a payment referable to any such liability of a company in liquidation as is mentioned in Sections 6, 7 or 8 of the Policyholders Protection Act, is to be treated as reducing any sum payable by the FSCS to the policyholder in accordance with any provision of those sections, by reference to that liability.

SCHEDULE VIII

Letter from Actuarial Adjudicator

8 February 2006

The respective board of directors
of each company listed below

Dear Sirs



Saddlers Court
64-74 East Street
Epsom
Surrey
KT17 1HB
UK

Tel: +44 (0) 1372 751060
Fax: +44 (0) 1372 751061
enquiries@emb.co.uk
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Statement of the Actuarial Adjudicator WFUM Pool Scheme

a Scheme of Arrangement between the Scheme Companies referred to below and
their respective Scheme Creditors

concerning business underwritten and/or administered by Willis Faber (Underwriting
Management) Limited ("WFUM"), Devonport Underwriting Agency Limited
("DUAL") and Willis Faber & Dumas Limited ("WF&D") on behalf of the Scheme
Companies referred to below:

ALLIANZ CORNHILL INSURANCE PLC	OCEAN MARINE INSURANCE COMPANY LIMITED
ALLIANZ MARINE & AVIATION (FRANCE)	OSLO REINSURANCE COMPANY (UK) LIMITED
ATLANTIC MUTUAL INSURANCE COMPANY CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED	SOVEREIGN INSURANCE (UK) LIMITED SPHERE DRAKE INSURANCE LIMITED
GREYFRIARS INSURANCE COMPANY LIMITED	THE SEA INSURANCE COMPANY LIMITED
HEDDINGTON INSURANCE (U.K.) LIMITED	SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED
HIBERNIAN GENERAL INSURANCE LIMITED	TOKIO MARINE EUROPE INSURANCE LIMITED
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED	WAUSAU INSURANCE COMPANY (U.K.) LIMITED

I am the proposed Actuarial Adjudicator under the WFUM Pools Scheme ("the
Scheme"), and I have reviewed the actuarial Estimation Methodology set out in the
Scheme. This sets out the methodology and data requirements to enable the Scheme
Actuary to evaluate, based on the information provided, the undiscounted and
discounted reserves of a Referred Claim on a best estimate basis containing no
margin for optimism or pessimism

General Insurance Actuaries and Consultants

EMB Consultancy LLP is a limited liability partnership registered in England and Wales with registered number: OC307392
Any reference to a partner in relation to EMB Consultancy LLP means a member of EMB Consultancy LLP.
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The Estimation Methodology is a reasonable approach to adopt for evaluating Referred Claims on a best estimate basis. In particular, the Methodology provides scope to accommodate additional actuarial evidence supplied by the Scheme Creditor in matters that are pertinent to a Referred Claim. The methodology provides the Scheme Creditor with the opportunity to submit a reasoned argument in support of its Scheme Claims, which will be particularly useful in respect of policies with claim types arising from recognised sources that have limited or no claims history at the date of submission of claims under the Scheme.

I therefore approve the best estimate approach specified by the Scheme Actuary in the Estimation Methodology for the purpose of the Scheme, and agree to this letter being incorporated in the Scheme documentation.

Yours faithfully

A handwritten signature in blue ink that reads "Peter Matthews". The signature is written in a cursive style with a long horizontal stroke at the end.

Peter Matthews FIA
Consulting Partner

PART II - THE SCHEME

**Claim Nos. 1611, 1618, 1621-1622,
1624-1626, 1628-1630, 1632-1635,
1647 and 1648 of 2006**

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

**IN THE MATTERS OF THE COMPANIES REFERRED TO BELOW
AND
IN THE MATTER OF THE COMPANIES ACT 1985**

**SCHEMES OF ARRANGEMENT
(pursuant to Section 425 of the Companies Act 1985)**

**CONCERNING BUSINESS UNDERWRITTEN AND/OR ADMINISTERED BY WILLIS
FABER (UNDERWRITING MANAGEMENT) LIMITED ("WFUM"), DEVONPORT
UNDERWRITING AGENCY LIMITED ("DUAL") AND WILLIS FABER & DUMAS
LIMITED ("WF&D") ON BEHALF OF THE SCHEME COMPANIES REFERRED TO
BELOW, TOGETHER WITH OTHER LIABILITIES OF SOVEREIGN MARINE &
GENERAL INSURANCE COMPANY LIMITED AND ITS SUBSIDIARIES AS DEFINED IN
APPENDIX A TO THE SCHEME AT PAGES 275 TO 279**

BETWEEN

**SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED
(by way of amendment to an existing scheme of arrangement dated 15 October 1999)**

ALLIANZ CORNHILL INSURANCE PLC	OSLO REINSURANCE COMPANY (UK) LIMITED
ALLIANZ GLOBAL CORPORATE & SPECIALTY (FRANCE)	SOVEREIGN INSURANCE (UK) LIMITED
ATLANTIC MUTUAL INSURANCE COMPANY	SPHERE DRAKE INSURANCE LIMITED
CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED	THE OCEAN MARINE INSURANCE COMPANY LIMITED
GREYFRIARS INSURANCE COMPANY LIMITED	THE SEA INSURANCE COMPANY LIMITED
HEDDINGTON INSURANCE (U.K.) LIMITED	TOKIO MARINE EUROPE INSURANCE LIMITED
HIBERNIAN GENERAL INSURANCE LIMITED	WAUSAU INSURANCE COMPANY (U.K.) LIMITED
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED	

**AND THEIR RESPECTIVE
SCHEME CREDITORS
(AS DEFINED IN THE SCHEME)**

**A LIST OF THE SCHEME COMPANIES' FORMER NAMES AS USED ON THE WFUM,
DUAL AND WF&D UNDERWRITING STAMPS APPEARS ON PAGE (i)**

CONTENTS

1.	DEFINITIONS AND INTERPRETATION	122
2.	VALUATION OF SCHEME CLAIMS	149
3.	PAYMENT OF NET ASCERTAINED CLAIMS AND NET DEBTS.....	166
4.	CLAIMS	168
5.	SCHEME OFFICE HOLDERS	174
6.	ACTUARIAL AND ADJUDICATION PROCEDURES.....	184
7.	THE SCHEME COMPANY.....	195
8.	GENERAL PROVISIONS	196
9.	PROVISIONS RELATING TO SOVEREIGN	204
10.	GENERAL PROVISIONS APPLICABLE TO SOVEREIGN	206
11.	PAYMENTS TO SOVEREIGN'S SCHEME CREDITORS	211
12.	PROVISIONS RELATING TO THE FSCS.....	218
13.	SCHEME ADMINISTRATORS OF SOVEREIGN	245
14.	THE CREDITORS' COMMITTEE OF SOVEREIGN.....	252
15.	THE BOARD AND THE SHAREHOLDERS OF SOVEREIGN	265
16.	COMPLETION AND RELEASE IN RELATION TO SOVEREIGN.....	268
17.	MODIFICATION OF THE SCHEME IN RELATION TO SOVEREIGN	274
	APPENDIX A Scope of Scheme - Liabilities constituting Scheme Claims	275
	APPENDIX B Estimation Methodology for the Valuation of Scheme Claims	280
	APPENDIX C Remuneration of Actuarial Adjudicator and Scheme Adjudicator	333
	APPENDIX D Specimen Claim Form.....	334
	APPENDIX E Specimen Valuation Statement.....	361
	APPENDIX F First Scheme Advisers	372
	APPENDIX G Stamp Table.....	373

1. DEFINITIONS AND INTERPRETATION

1.1 Scheme Company

As the context requires, the Scheme Company shall be any of the following in respect of which the Scheme has become effective:

"Allianz Cornhill"	Allianz Cornhill Insurance plc (company number 00084638), a company incorporated in England;
"Allianz Global"	Allianz Global Corporate & Specialty (France) (Registre de Commerce 552.063.497 RCS Paris), a company incorporated in France;
"Atlantic Mutual"	Atlantic Mutual Insurance Company, a company incorporated in New York and registered as an insurance company with the New York State Department of Insurance on 11 April 1842 under NAIC number 19895;
"Continental"	Continental Reinsurance Corporation International Limited (company number EC 243), a company incorporated in Bermuda;
"Greyfriars"	Greyfriars Insurance Company Limited (company number 01554007), a company incorporated in England;
"Heddington"	Heddington Insurance (U.K.) Limited (company number 01298239), a company incorporated in England;
"Hibernian"	Hibernian General Insurance Limited (company number 3319), a company incorporated in the Republic of Ireland;
"Mitsui"	Mitsui Sumitomo Insurance Company (Europe), Limited (company number 01063340), a company incorporated in England;

"Ocean"	The Ocean Marine Insurance Company Limited (company number 00027204), a company incorporated in England;
"Oslo"	Oslo Reinsurance Company (UK) Limited (company number 01038441), a company incorporated in England;
"Sea Insurance"	The Sea Insurance Company Limited (company number 00010150), a company incorporated in England;
"Sovereign"	Sovereign Marine & General Insurance Company Limited (company number 00013855), a company incorporated in England;
"Sovereign UK"	Sovereign Insurance (UK) Limited (company number 01618147), a company incorporated in England;
"Sphere Drake"	Sphere Drake Insurance Limited (company number 00516540), a company incorporated in England;
"Tokio Marine"	Tokio Marine Europe Insurance Limited (company number 00989421), a company incorporated in England;
"Wausau"	Wausau Insurance Company (U.K.) Limited (company number 01230968), a company incorporated in England.

1.2 Definitions

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

"Account Balance"	a balance on a Scheme Account, after the sums due from one party are set off against the sums
--------------------------	---

	due from the other, as at the Effective Date as determined pursuant to the Original Sovereign Scheme;
"Act"	the Companies Act 1985 as amended and in force at the Effective Date;
"Actuarial Adjudication"	the procedure for the resolution of disputes by the Actuarial Adjudicator set out in clause 6.4;
"Actuarial Adjudicator"	the person referred to as such in clause 6.1.4 and any person appointed in substitution for him in accordance with the provisions of the Scheme;
"Adjudication"	the procedure for the resolution of disputes by a Scheme Adjudicator set out in clauses 6.3 and 6.4;
"Admissible Interest"	except in relation to Sovereign, any interest provided for in a relevant Insurance Contract or any relevant statute or any other relevant law from the date provided for therein up to the day immediately preceding the Ascertainment Date;
"Advertise"	the placing of advertisements in the same publications and forums as notice of the Meeting(s) was placed or, if that is not practicable, in such other publications and forums as the Scheme Manager shall reasonably deem appropriate;
"Agencies"	WFUM, DUAL and WF&D;
"Agency Liabilities"	shall have the meaning set out in paragraph 2 of Appendix A;
"Agreed Claim"	the value of a Scheme Claim (excluding any Agreed Protected Claim or Protected Scheme Claim) as at the Ascertainment Date determined

	by the process set out at clauses 2.2 to 2.5 inclusive;
"Agreed Protected Claim"	a Protected Scheme Claim in respect of which there has been established, whether before or after the Completion Date, by agreement or by a Final Order a present obligation of Sovereign to pay an ascertained sum of money after taking into account and deducting any Security Interest which may be utilised by the Scheme Creditor in payment (whether in full or in part) of the ascertained sum payable to it and any amount payable by the Scheme Creditor to Sovereign which would have been taken into account in preparing a Valuation Statement pursuant to clause 2.7.1 if the Scheme Claim had not been a Protected Scheme Claim;
"Alternate"	a senior executive, senior employee or professional adviser appointed by a Committee Member, who is an individual, by notice in writing to the Creditors' Committee to attend and vote in his place at any meeting of the Creditors' Committee;
"Appendices"	the Appendices to the Scheme referred to in the contents page and set out at pages 276 to 496 of the Scheme when viewed or printed in its entirety;
"Appointee"	as the context requires, an individual, firm, partnership or company;
"ARIAS UK"	the AIDA Reinsurance and Insurance Arbitration Society in the United Kingdom;
"Ascertainment Date"	31 December 2005;

"Bar Date"	11.59pm in England on the day falling 180 days after the Effective Date or, if that is not a Business Day, then the next Business Day following;
"Blocked Monies"	any monies payable to a Scheme Creditor under the Scheme the payment of which is prohibited by an applicable law or regulation referred to in clause 8.9.1;
"Board"	the board of directors of the Scheme Company from time to time;
"Business Day"	any day other than (1) Saturday, (2) Sunday or (3) a day on which the UK clearing banks are not open for business in London;
"Canadian Dollars"	Canadian dollars, being the lawful currency of Canada;
"Capped Sterling Equivalent"	an amount in the currency in which a Non-Sterling Amount is denominated determined by converting the equivalent of the Non-Sterling Amount in Pounds Sterling at the Specified Exchange Rate into the currency in which the Non-Sterling Amount is denominated at the exchange rate prevailing on the Relevant Date;
"Cash Assets"	the aggregate at any time of: <ul style="list-style-type: none"> (a) any cash deposits held in Sovereign's name (excluding any cash deposits subject to any Security Interest, escrow, trust or any similar arrangement); and (b) those other assets of Sovereign at that time which are invested in accordance with the provisions of clause 10.3

(excluding any investments in subsidiaries or investments made for the purposes of effecting the run-off of Sovereign's business);

"Claim Form"	the document entitled Claim Form including all guidance notes and instructions sent or made available to Scheme Creditors in accordance with clause 2.2, an example of which is at Appendix D;
"Combined Valuation Statement"	a statement aggregating all of the Valuation Statements in respect of a Scheme Creditor (other than for Sovereign);
"Committee Member"	a member of the Creditors' Committee;
"Common Liability"	any Liability (including, but not limited to, any Liability for compensatory damage, consequential damage, contractual damage, extra-contractual damage and damage provided for under statute or other law but excluding any Liability arising under or in connection with a scheme of arrangement pursuant to Section 425 of the Act, or analogous procedure, to which such contract is subject) arising under or otherwise in connection with a contract (whether of insurance, reinsurance, retrocession or otherwise), made between Sovereign, a Scheme Creditor and one or more Sovereign Co-Insurers (whether by way of a single multi-lateral contract or by way of a number of contracts which are, in the opinion of the Scheme Administrators, on substantially identical terms, made variously between Sovereign, the Scheme Creditor and one or more Sovereign Co-Insurers), such that Sovereign's and Sovereign Co-Insurers' rights and Liabilities

	under the said contract relate to the same layer of cover (where the contract in question is of insurance, reinsurance or retrocession and where the risk giving rise to the Liability is insured in layers) and are substantially identical whether they are joint, several or differing in quantum;
"Company Directors Disqualification Act"	the Company Directors Disqualification Act 1986;
"Completion Date"	in respect of a Scheme Creditor of a Scheme Company other than Sovereign, the date upon which the Scheme is certified to have been completed in accordance with clause 8.2 or, in the case of Sovereign, the date upon which the Scheme is certified to have been completed pursuant to clause 16.1;
"Court"	the High Court of Justice of England and Wales;
"Creditors' Committee"	the committee established in relation to Sovereign pursuant to clause 14;
"Default Judgment"	any order, judgment, decision or award of a court or other tribunal of competent jurisdiction which is obtained or entered by virtue only of a Sovereign Co-Insurer having omitted to take a procedural step in relation to a Proceeding brought by a Scheme Creditor, including any such order, judgment, decision or award which has been obtained by virtue of Sovereign Co-Insurer having failed: <ul style="list-style-type: none"> (a) to acknowledge the commencement and/or service of the process whereby the Scheme Creditor commenced such Proceeding;

	(b)	to serve a defence, answer or other response to the Scheme Creditor's claim; or
	(c)	to comply with any order or direction of the court or tribunal which was interlocutory, procedural or intermediate in nature, or with any procedural rules of the court or tribunal;
"Delegate"		any person to whom a Scheme Adviser or the Scheme Administrators delegate any of their powers, rights, duties or functions;
"Deloitte & Touche LLP"		Deloitte & Touche LLP, a limited liability partnership registered in England and Wales with registered number OC303675;
"de minimis amount"		one hundred Pounds Sterling or its equivalent calculated using the Scheme Rate in any other currency, or such greater amount as the Scheme Administrators may reasonably determine from time to time;
"DUAL"		Devonport Underwriting Agency Limited (company number 01618133), a company incorporated in England;
"Effective Date"		the date on which an office copy of the order of the Court sanctioning the Scheme is delivered for registration to the Registrar of Companies;
"E-mail"		delivery by electronic mail;
"E-mail Copy"		a copy sent by electronic mail;
"Employee"		any partner or director in the same firm, company, limited liability partnership or

	partnership as another, or any individual employed, whether under a contract of service or a contract for services, by that firm, company or partnership or by any company owned by such firm, company or partnership;
"Estimation Methodology"	the methodology which is set out at Appendix B;
"Euro"	the currency adopted by participating Member States in furtherance of economic and monetary union under Article 109 of the Treaty of European Union;
"Explanatory Statement"	the explanatory statement at pages 1 to 119 of the Scheme Document explaining the effect of the Scheme to Scheme Creditors pursuant to section 426 of the Act;
"Final Award"	<p>in relation to Proceedings commenced or continued by a Scheme Creditor, as expressly provided for in the Scheme or with the written consent of the Scheme Company:</p> <p>(a) any financial award made against the Scheme Company in such Proceedings which either is not appealed by the relevant Scheme Company within the deadline for appeal laid down by the relevant rules of procedure or by the court or tribunal concerned (as extended, if applicable, by agreement between the parties to the Proceedings or by such court or tribunal) or is made by a final appellate court or tribunal; and</p>

(b) any sum agreed to be paid pursuant to a negotiated settlement of such Proceedings.

For the avoidance of doubt, only the Scheme Company's share of any such award or negotiated settlement as determined by the relevant court or tribunal, or in the absence of such determination as calculated by the Scheme Manager, shall be treated as an Agreed Claim owed by such Scheme Company;

"Final Order"

an order or award of a court or tribunal which is not subject to any pending appeal, request for reargument, rehearing, reconsideration or similar relief and in relation to which the time to appeal or request reargument, rehearing, reconsideration or similar relief has expired;

"Final Settlement"

a binding agreement, evidenced in writing, which of itself determined the obligation of a solvent Sovereign Co-Insurer under the contract or policy in question (either as to liability or as to quantum) save that the determination of the obligations of a Sovereign Co-Insurer under the contract or policy in question by or under a scheme of arrangement under section 425 of the Act or any analogous procedure shall not be a Final Settlement;

"FSA "

the United Kingdom Financial Services Authority;

"FSCS"

the Financial Services Compensation Scheme Limited (company number 03943048), established pursuant to Part XXV of FSMA (being the current statutory successor to the Policyholders Protection Board as defined in the

	Original Sovereign Scheme) and to include any statutory successor of it;
"FSCS Alternate"	a person appointed by the chairman for the time being of the FSCS or the FSCS Representative for the purposes of clause 14.1.4;
"FSCS Amount"	the value agreed between the Scheme Administrators and the FSCS or determined by the Actuarial Adjudicator in accordance with clause 12.9;
"FSCS Representative"	a person appointed by the FSCS to represent it at meetings of the Creditors' Committee for the purposes of clause 14.1.3;
"FSCS Rules"	the statutory rules governing the compensatory powers, duties and functions of the FSCS;
"FSMA"	the Financial Services and Markets Act 2000 and, if the context so permits, any applicable rules of the FSCS made pursuant to section 213 of FSMA;
"Insolvency Act"	the Insolvency Act 1986;
"Insolvency Event"	<ul style="list-style-type: none"> (a) the making of an order by the Court to wind up the Scheme Company compulsorily pursuant to the Insolvency Act; or (b) the commencement of a creditors' voluntary liquidation in respect of the Scheme Company in accordance with the provisions of the Insolvency Act; or (c) the Scheme Company entering into a company voluntary arrangement with

its creditors in accordance with the provisions of the Insolvency Act; or

(d) the appointment of an administrator, administrative receiver, or receiver or provisional liquidator in respect of the Scheme Company in accordance with the provisions of the Insolvency Act; or

(e) the taking in relation to the Scheme Company of any analogous proceeding in any other jurisdiction;

"Insolvency Rules"

the Insolvency Rules 1986;

"Insurance Contract"

a contract or a policy of insurance, reinsurance, or retrocession of any kind whatsoever entered into before the Effective Date by or on behalf of the Scheme Company or in accordance with the terms of which the Scheme Company has assumed any liability;

"Interim Appointee"

a Scheme Creditor or the authorised representative of a Scheme Creditor appointed to fill a vacancy on the Creditors' Committee pursuant to clause 14.9.1;

"Liability"

any debt or liability (being a liability to pay money or money's worth) of a person whether it is present or future, certain or contingent, whether its amount is fixed or liquidated or is capable of being ascertained by fixed rules or as a matter of opinion, including any liability under any enactment (in England and Wales or in any other jurisdiction) and any liability in contract, tort or bailment or arising out of an obligation to make restitution or in any other manner whatsoever,

provided that such expression does not include any debt or liability which is barred at the Ascertainment Date (or, in the case of Sovereign only, the Original Sovereign Scheme Date) by the law which applies to that debt or liability, or is otherwise unenforceable. For the avoidance of doubt, save as set out in the proviso below, whether or not any obligation or liability under a contract or policy is void or, being voidable, has been duly avoided, no obligation or liability shall arise in respect of such obligation or liability.

Provided, however, that any sum representing a current Unpaid Agreed Claim arising under an Insurance Contract due for payment by the Scheme Company shown on a Claim Form prepared by the Scheme Company as due from the Scheme Company in respect of a Scheme Claim shall constitute a Liability notwithstanding any statutory bar or unenforceability which would otherwise apply to it;

"LIBOR"

in respect of each day of a calendar month, LIBOR shall be:

- (a) the rate published in the Financial Times (UK edition) as BBA one month libor in respect of the last Business Day of the preceding calendar month, for the relevant Scheme Currency or other currency; or
- (b) if no such rate is published for the relevant currency, the equivalent rate published in the Financial Times (UK

edition) in respect of that date for Pounds Sterling;

- (c) if the Financial Times (UK edition) does not publish BBA one month libor rates in respect of the day in question, the last such rate published therein for the relevant currency;

"Lloyd's"

the society incorporated by the Lloyd's Act 1871 by the name of Lloyd's and situated at One Lime Street, London EC3M 7HA;

"Lloyd's Syndicate"

a Syndicate:

- (a) which received notification of the premium payable to it by Equitas Reinsurance Limited; or
- (b) which was reinsured by Lioncover Insurance Company Limited; or
- (c) in the case of one underwriting after 1992, whose year of account has not been closed by means of a reinsurance to close or otherwise;

"Manifest Error"

an arithmetical or typographical error which is apparent either on the face of the document concerned or by reference to the information which has been or should, in accordance with the Scheme, have been inserted in the document concerned and has been incorrectly transcribed;

"Meeting"

a meeting of Scheme Creditors convened by a Scheme Company with the leave of the Court for the purpose of considering and, if thought fit, approving the Scheme;

"Net Ascertained Claim"	the final balance shown on a Valuation Statement where that balance is in favour of the Scheme Creditor;
"Net Debt"	the final balance shown on a Valuation Statement where that balance is in favour of the Scheme Company;
"Net Debtor"	any person who has a Net Debt shown on their Valuation Statement ;
"Nominated Representative"	a partner, senior executive, senior employee or professional adviser appointed by a Committee Member (other than the FSCS), being a body corporate or a partnership, by written notice to the Creditors' Committee to represent that Committee Member at any meeting of the Creditors' Committee;
"Non-Sterling Amount"	a sum payable in respect of any Agreed Protected Claim by the FSCS under clause 12.1.1 in a currency other than Pounds Sterling;
"Notification Date"	has the meaning given to it under clause 16.4.1;
"Original Sovereign Scheme"	the scheme of arrangement between Sovereign and its creditors dated 15 October 1999 which became effective on 5 January 2000;
"Original Sovereign Scheme Date"	5 January 2000, being the date on which the Original Sovereign Scheme became effective;
"Other Liabilities"	shall have the meaning set out in paragraph 3 of Appendix A;
"Payment Percentage"	the percentage of a Net Ascertained Claim in relation to Sovereign which has become eligible for payment from time to time;

"Petition Date"	11 July 1997 being the date of presentation of the Winding-Up Petition in relation to Sovereign;
"Policyholders Protection Act"	the Policyholders Protection Act 1975 of the United Kingdom as amended and in force on the Record Date (but incorporating also any amendment made after that date which has effect in relation to a company which was a company in liquidation on or before that date);
"Policyholders Protection Board"	the Policyholders Protection Board established by the Policyholders Protection Act and any statutory successor of it;
"Post"	delivered by hand (including by a generally recognised commercial courier service), prepaid first-class post or airmail;
"Post-Completion Trust"	a trust established pursuant to clause 16.2.7 or 16.4.2;
"Pounds Sterling"	pounds sterling, being the lawful currency of the United Kingdom;
"Prescribed Format"	the same format and form used by the Scheme Manager for presenting or requesting information for the purposes of a Claim Form including, where applicable, the same software or such other form as the Scheme Manager may agree in writing with the relevant Scheme Creditor;
"Proceedings"	any form of proceedings in any jurisdiction or forum including, without limitation, any legal proceedings, demand, arbitration, alternative dispute resolution, judicial review, adjudication, mediation, seizure, distraint, forfeiture, re-entry, execution or enforcement of judgment or

enforcement of any Security or any step taken for the purpose of creating or enforcing a lien;

"Property"

all forms of property (including money, goods, things in action, land and every description of property wherever situated) and of obligations and every description of interest, whether present or future or vested or contingent, arising out of, or incidental to, property and including, for the avoidance of doubt, all contributions to the assets of the Scheme Company not falling within the meaning of the Scheme Company's property under the Act;

"Protected Percentage"

in relation to an Agreed Protected Claim, the maximum percentage of such Agreed Protected Claim which the FSCS would have a duty to pay under sections 6 to 8 of the Policyholders Protection Act or under those parts of the FSCS Rules which implement article 10 of the Transitional Order were Sovereign a company in liquidation for the purposes of the Policyholders Protection Act;

"Protected Policyholder"

in relation to an Agreed Protected Claim, any Scheme Creditor to whom Sovereign owes that Agreed Protected Claim and who, in addition, is eligible for protection under section 16(9) of the Policyholders Protection Act;

"Protected Scheme Claim"

a Scheme Claim which, if in respect of it there were established by agreement or by a Final Order a present obligation of Sovereign to pay an ascertained sum of money, would be either:

- (a) a liability under a policy in respect of which the FSCS would owe a duty under sections 6 to 8 of the

Policyholders Protection Act if Sovereign were a "company in liquidation" and the Record Date were the "beginning of the liquidation", in each case within the meaning of the Policyholders Protection Act; or

- (b) a liability under a policy in respect of which the FSCS would be required to pay under article 10 of the Transitional Order and those parts of the FSCS Rules giving effect to article 10 of the Transitional Order;

"Provisional Liquidation Date"	11 July 1997, being the date of the appointment of provisional liquidators to Sovereign;
"Record Date"	15 October 1999, being the date of the Original Sovereign Scheme;
"Registrar of Companies"	the registrar or other officer performing under the Act the duty of registration of companies in England and Wales;
"Released Parties"	the Scheme Company, ARIAS UK and any person holding, or who has at any time held, the position of Scheme Manager, Scheme Adviser, Scheme Actuary, Actuarial Adjudicator, Scheme Adjudicator or Chairman of ARIAS UK, including any Delegate, Employee or alternate of any of the foregoing persons, pursuant to the Scheme and, except in the case of Sovereign, any past or present director of the Scheme Company, in each case in their capacity as such;
"Relevant Date"	the Business Day falling immediately before the date of a payment under clause 12.1.1;

"Review Date"	such date as the Scheme Administrators may from time to time, after consultation with the Creditors' Committee, in their absolute discretion decide;
"Scheme"	the scheme of arrangement as set out in this document and approved in relation to a Scheme Company by the requisite majorities of creditors at a Meeting convened by that Scheme Company with or subject to any modification, addition or condition approved or imposed by the Court;
"Scheme Account"	shall mean an account taken pursuant to the Original Sovereign Scheme of sums due from Sovereign to a Scheme Creditor in respect of its Scheme Claims and sums due from the Scheme Creditor to Sovereign in respect of the mutual credits, mutual debts or other mutual dealings between them;
"Scheme Actuary"	the person referred to as such in clause 5.7.4 or clause 5.7.5 (as appropriate) and any person appointed in substitution for him or her in accordance with the provisions of the Scheme;
"Scheme Adjudicator"	any person for the time being appointed under clause 6.3 as a Scheme Adjudicator in relation to an Adjudication in accordance with the provisions of the Scheme;
"Scheme Administrators"	Anthony James McMahon and John Mitchell Wardrop, or such other person or persons appointed as Scheme Administrator in accordance with the provisions of the Scheme;
"Scheme Adviser"	each firm referred to as such in clause 5.3.2 and any firm or person duly appointed as Scheme

	Adviser in substitution for them in accordance with the provisions of the Scheme;
"Scheme Amount"	the aggregate amount of actual and deemed payments to a Scheme Creditor under the Scheme and the Original Sovereign Scheme converted into Pounds Sterling at the rate of exchange prevailing in the winding-up;
"Scheme Claim"	any Liability of the Scheme Company which is an Agency Liability or Other Liability referred to in Appendix A;
"Scheme Company"	any company listed at clause 1.1 and in respect of which the Scheme has become effective;
"Scheme Conflicts Administrator"	any person appointed as a Scheme Conflicts Administrator in respect of Sovereign in accordance with the provisions of the Scheme;
"Scheme Costs"	all such costs, charges, expenses, disbursements and remuneration as are referred to in clause 10.4;
"Scheme Creditor"	a creditor of the Scheme Company in respect of a Scheme Claim;
"Scheme Currency"	any of Pounds Sterling, the US Dollar, the Canadian Dollar or the Euro, as applicable;
"Scheme Debt"	a Liability which is or may become payable to the Scheme Company arising in connection with the business which is referred to in Appendix A including, without limitation, reinstatement premiums, claim reserve deposits, refunds, rights of subrogation and reinsurance recoverables, including (for the avoidance of doubt) any such Liability arising by virtue of the application of Agreed Claims, whether calculated by the application of the Estimation Methodology or

	otherwise valued in accordance with the terms of the Scheme, to reinsurance contracts;
"Scheme Document"	the document containing the Scheme and the Explanatory Statement and the Appendices and schedules thereto;
"Scheme Manager"	the company referred to as such in clause 5.1 and any company or person appointed in substitution for it pursuant to the Scheme;
"Scheme Payment"	a payment made pursuant to the Original Sovereign Scheme in respect of a Scheme Claim;
"Scheme Period"	the period beginning on the Effective Date and ending on the Completion Date;
"Scheme Rate"	the closing mid-market rate of exchange between the two currencies quoted in the international edition of the Financial Times on the last Business Day of the month before the day on which a Valuation Statement in which it is to be applied is prepared or, if no such rate is published, the closing mid-market rate of exchange between the two currencies as quoted by Barclays Bank PLC on such date and if no such rate is available, such rate as may reasonably be selected by the Scheme Manager;
"Security"	except in relation to Sovereign, any effective letter of credit, deposit, reserve of funds, escrow, trust fund, guarantee, indemnity, cash reserves or assets or similar arrangement or a mortgage, charge, lien or assignment by way of security, bond or other security interest over any Property of the Scheme Company issued to or created for the benefit of a Scheme Creditor, to the extent

	only that it secures payment of any Scheme Claim;
"Security Interest"	any effective letter of credit, deposit, reserve of funds, escrow, trust fund, guarantee, indemnity, cash reserves or assets or similar arrangement or a mortgage, charge, lien or assignment by way of security, bond or other security interest over any Property of Sovereign issued to or created for the benefit of a Scheme Creditor to the extent only that it secures payment of any Scheme Claim against Sovereign;
"Sovereign Admissible Interest"	any interest to which a Scheme Creditor is entitled from Sovereign by reason of contract, judgment against Sovereign, decree or otherwise for a period or periods ending on the Record Date;
"Sovereign Co-Insurer"	any insurer, reinsurer or retrocessionaire actually or potentially liable under an Insurance Contract or under a contract which, in the opinion of the Scheme Administrators, is on substantially the same terms and with the same insured or reinsured as an Insurance Contract under which Sovereign is also actually or potentially liable;
"Sovereign Released Parties"	the Released Parties together with any person holding, or who has at any time held, the position of Scheme Administrator, Scheme Conflicts Administrator, Committee Member, Nominated Representative, Alternate, FSCS Representative or FSCS Alternate (and any PPB Representative or PPB Alternate appointed or holding office from time to time pursuant to the Original Sovereign Scheme (as defined therein)), including any Delegate or Employee pursuant to

	the Scheme or the Original Sovereign Scheme and any past or present director of Sovereign holding office after the Record Date in respect of the period after the Record Date, in each case in their capacity as such;
"Specified Exchange Rate"	the rate 12½ per cent below the exchange rate into Pounds Sterling for the currency in which a Non-Sterling Amount is denominated, determined pursuant to clause 12.2.3;
"Substantive Judgment"	in relation to a Common Liability, an order, judgment, decision or award of a court or other tribunal of competent jurisdiction which is: <ul style="list-style-type: none"> (a) final and conclusive in relation to the merits of a Scheme Creditor's rights against a Sovereign Co-Insurer under the contract in question, in that the tribunal has established certain facts as proved or as not in dispute, identified the relevant principles of law applicable to such facts and reached its decision by applying those principles to such facts, such that the Sovereign Co-Insurer's obligations under the contract in question (either as to liability or as to quantum) have been determined; (b) a Final Order; and (c) not a Default Judgment;
"Syndicate"	a group of underwriting members of Lloyd's to which a number is assigned on behalf of the Council of Lloyd's in respect of an underwriting year;

"Tax"	any form of taxation, levy, duty, charge, contribution, withholding or impost of whatever nature (including any related fine, penalty, surcharge or interest) imposed, collected or assessed by or payable to any Tax Authority;
"Tax Authority"	any government, state, municipality or any local state, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world (including in the United Kingdom, without limitation, Her Majesty's Revenue & Customs);
"Transitional Order"	the Financial Services and Markets Act 2000 (Transitional Provisions, Repeals and Savings) (Financial Services Compensation Scheme) Order 2001 (2001 No 2967);
"Trust Deed"	the deed executed by Sovereign, Willis Group Limited, WF&D and the Trustee and having effect from the Original Sovereign Scheme Date;
"Trustee"	Serjeants' Inn Nominees Limited (incorporated in England under the Companies Act 1948 with registered number 00724683) or such other persons as may be duly appointed in substitution for it in accordance with the provisions of the Trust Deed;
"Underwriting Stamp"	a facility by which a number of Scheme Companies agree to accept a proportion of the Liability arising from an Insurance Contract;
"Unpaid Agreed Claims"	the value of Scheme Claims which according to the Scheme Manager's records have been agreed as due to the relevant Scheme Creditor as at the Ascertainment Date, but not paid or discharged by the operation of set-off or otherwise, and in

	the case of Sovereign before taking account of any Scheme Payments;
"Unreconciled Drawing"	a drawing against a Security Interest which the Scheme Administrators are unable to reconcile or match with Scheme Claims against which the amount drawn may be legitimately applied in accordance with the terms governing the purposes for which such drawings may be made;
"US Dollars"	United States dollars, being the lawful currency of the United States of America;
"Valuation Statement"	the statement to be prepared in accordance with clause 2.7 in substantially the form set out at Appendix E;
"Website"	the website at www.wfumpools.com ;
"Website Password"	the sequence of characters necessary for a Scheme Creditor to obtain access to the part of the Website containing specific information pertaining to that Scheme Creditor;
"WF&D"	Willis Faber & Dumas Limited (company number 00181116), a company incorporated in England (on 1 February 2000 the name of this company was changed to Willis Limited);
"WFUM"	Willis Faber (Underwriting Management) Limited (company number 01061333), a company incorporated in England;
"Winding-Up Petition"	the petition to wind up Sovereign numbered 003489 of 1997, presented to the Court on 11 July 1997.

1.3 **Interpretation**

In the Scheme unless the context otherwise requires or the Scheme expressly provides otherwise:

- 1.3.1 references to clauses, sub-clauses and Appendices are references to the clauses, sub-clauses and Appendices, respectively, of the Scheme;
- 1.3.2 references to months are to calendar months;
- 1.3.3 except in relation to the definitions of "Protected Scheme Claim" and "Protected Policyholder" references to a "person" include an individual, firm, partnership, company, unincorporated body of persons or any state or state agency;
- 1.3.4 references to "insurance" shall include "reinsurance" and "retrocession" except where the context otherwise requires;
- 1.3.5 references to any enactment or other legislative provision shall be deemed to include the same as re-enacted, amended or extended save where expressly provided to the contrary;
- 1.3.6 the singular includes the plural and vice versa other than in references to the Scheme Company;
- 1.3.7 words importing one gender shall include all genders;
- 1.3.8 references in the Scheme to a firm or company other than a Scheme Company or Scheme Creditor shall include any predecessor or successor of that firm or company whether by merger, demerger, amalgamation or otherwise;
- 1.3.9 save as provided in clause 2.8.4 in relation to each Scheme Company, the Scheme shall be read as applying only to that Scheme Company;
- 1.3.10 in the event that a Scheme Currency is replaced by another unit of currency, references to that Scheme Currency shall, where appropriate, be deemed to refer to such replacement unit of currency and any amounts denominated in the original Scheme Currency shall be converted into the replacement unit of

currency at the rate of exchange specified in the legislation introducing the replacement unit of currency;

- 1.3.11 excluding the Ascertainment Date, time periods laid down by the Scheme shall, unless otherwise expressly stated, be calculated by reference to elapsed days and not Business Days, and in the event that a time period expires on a day which is not a Business Day, such period shall be deemed not to expire until 5.30pm in England on the Business Day next following. Any time period expressed to run from a fixed date shall not include such date; and
- 1.3.12 for the avoidance of doubt, any references to a loss notified to a Scheme Creditor in the Scheme (including the Estimation Methodology, the voting forms, the claim forms, or in other related documents) include first-party losses where the Scheme Creditor has incurred the loss themselves, as well as third-party losses of which it has been notified.

2. VALUATION OF SCHEME CLAIMS

2.1 Application and Purpose of the Scheme

- 2.1.1 The Scheme shall apply to all Scheme Claims.
- 2.1.2 Each Scheme Creditor's Scheme Claims (except for any Protected Scheme Claims) shall be valued as at the Ascertainment Date, taking account of discounting in accordance with the principles set out in the Estimation Methodology to reflect their present value, in accordance with the Scheme.
- 2.1.3 The purpose of the Scheme is to value each Scheme Creditor's Scheme Claims and, in respect of the Scheme Companies other than Sovereign, to discharge each Scheme Creditor's Net Ascertained Claim in full.
- 2.1.4 In respect of Sovereign only, the purpose of the Scheme is to amend the Original Sovereign Scheme to provide for:
- 2.1.4.1 subject to clause 2.1.4.2, the valuation of each Scheme Creditor's Net Ascertained Claim and to make dividend payments to Scheme Creditors in proportion to their respective Net Ascertained Claims (taking into account payments made under the Original Sovereign Scheme and deemed payments under the Scheme) in accordance with clause 11; and
 - 2.1.4.2 in the case of Protected Policyholders, to provide for the continuation of the ascertainment of the value of Agreed Protected Claims and the payment by the FSCS of the Protected Percentage of those Agreed Protected Claims.
- 2.1.5 Each Scheme Creditor is deemed to acknowledge that the Scheme and its proper application is fair and that all Scheme Creditors shall be bound thereby.
- 2.1.6 The provisions of clauses 1 to 8 apply to all Scheme Companies including Sovereign, subject to clause 9.1. The provisions of clauses 9 to 17 relate to Sovereign only.

2.2 **Distribution of Claim Forms and the Bar Date**

2.2.1 The Scheme Manager shall, so far as it is reasonably able, within 14 days of the Effective Date send to every Scheme Creditor of whom it is aware, and for whom it possesses what it reasonably believes to be current contact details, notification of the Effective Date and of the Bar Date and details of how to access their Claim Form on the Website.

2.2.2 As soon as reasonably practicable after the Effective Date, the Scheme Manager shall Advertise a notice confirming the Effective Date and the Bar Date. The advertisement and the notification sent pursuant to clause 2.2.1 shall contain a request that Scheme Creditors who wish to assert a Scheme Claim under the Scheme complete and submit or return Claim Forms by the Bar Date and where applicable contact the Scheme Manager who will provide:

2.2.2.1 those Scheme Creditors who have not already done so and who wish to access their Claim Form on the Website with details of their username and Website Password; and

2.2.2.2 those Scheme Creditors who do not wish to access their Claim Form on the Website with whichever of a paper, CD-ROM or E-mail Copy of their Claim Form the Scheme Creditor shall request.

2.2.3 The Scheme Manager shall make available to each Scheme Creditor on the Website, and, if requested, send to each Scheme Creditor who requests one, a paper, CD-ROM or E-mail Copy, as applicable, of their Claim Form. The Claim Form provided by the Scheme Manager will be based on the information in the Scheme Manager's systems and will contain to the extent of such information:

2.2.3.1 details of each of the Insurance Contracts between the Scheme Company and the Scheme Creditor of which the Scheme Manager is aware and which may give rise to a Scheme Claim;

2.2.3.2 details of Unpaid Agreed Claims or other unpaid agreed balances arising under such Insurance Contracts as they are recorded on the Scheme Manager's accounting records at the Effective Date as being due for payment by or to the Scheme Company;

- 2.2.3.3 notification of the Effective Date and the Bar Date; and
- 2.2.3.4 any details of claims or Insurance Contracts entered by the Scheme Creditor onto the Website for voting purposes, provided that such details were entered at an individual claim level.
- 2.2.4 Where the Scheme Manager does not have current contact details for a Scheme Creditor in respect of whom a Claim Form has been prepared, but does have the last known address of a broker or other person whom it reasonably believes is or may be an agent of the Scheme Creditor concerned, the Scheme Manager shall send a copy of the notice referred to in clause 2.2.1 to that broker or other person together with a request that such broker or other person forward the same to the Scheme Creditor as soon as reasonably practicable.
- 2.2.5 Any Scheme Creditor who has not received or had made available to it a paper, CD-ROM or E-mail Copy of its Claim Form and who does not wish to use the Website to access it may, by notice in writing to be received by the Scheme Manager prior to the Bar Date, request either a paper, CD-ROM or E-mail Copy of its Claim Form from the Scheme Manager who shall, as soon as reasonably practicable, send one to such Scheme Creditor. For the avoidance of doubt, the Bar Date applies in relation to any and all Claim Forms.
- 2.2.6 The Scheme Manager shall Advertise and send further notice of the Bar Date to all Scheme Creditors to whom Claim Forms have been sent, or made available, at least 28 days before the Bar Date.

2.3 **Return of Claim Forms**

- 2.3.1 Each Scheme Creditor shall, prior to the Bar Date and to the extent that it wishes to do so, complete and/or amend and return a Claim Form whether by amendment to the copy on the Website or by returning a paper, CD-ROM or E-mail Copy in accordance with the instructions on it and its accompanying guidance notes, together with relevant supporting evidence. In addition:
 - 2.3.1.1 a Scheme Creditor who amends or adds to the information set out on its Claim Form pursuant to this clause 2.3.1 shall do so in the Prescribed Format. Any such Scheme Creditor and any Scheme Creditor for whom details provided for voting purposes have been

entered pursuant to clause 2.2.3.4 shall provide relevant supporting evidence to the Scheme Manager;

2.3.1.2 in the period up to the Bar Date each Scheme Creditor shall be entitled to submit further or revised data on its Claim Form in accordance with the instructions upon it and its accompanying guidance notes, and the provisions of this clause 2.3.1, and shall provide relevant supporting evidence to support the new or revised Claim Form to the Scheme Manager;

2.3.1.3 any supporting evidence in relation to a Claim Form provided by a Scheme Creditor in accordance with this clause 2.3.1 may be disregarded if it is not received by the Scheme Manager within seven days after the Bar Date provided always that the Scheme Manager shall not be obliged to accept a Claim Form or any amendment to a Claim Form after the Bar Date;

2.3.1.4 a Scheme Creditor submitting a Claim Form shall bear all of the costs of preparing and submitting it and any supporting evidence submitted in connection with it;

2.3.1.5 in the event that the Scheme Manager is deemed to receive and/or actually receives, more than one Claim Form from a Scheme Creditor in relation to the same Scheme Claim, the last to be actually submitted by the Scheme Creditor and received by the Scheme Manager prior to the Bar Date, shall prevail; and

2.3.1.6 unless a Claim Form has been actually submitted by the Scheme Creditor (and received by the Scheme Manager), a Claim Form on the Website to which a Scheme Creditor has made additions or amendments but which has not been electronically submitted shall be deemed to be returned to the Scheme Manager by that Scheme Creditor immediately prior to the Bar Date with whatever additions or alterations are on it at that point.

2.3.2 Subject to clause 8.8.2 and clause 12.8.1, in the event that a Claim Form sent or made available to a Scheme Creditor or a broker or other person whom the Scheme Manager reasonably believes is or may be an agent of the Scheme

Creditor is not amended and/or submitted by the Scheme Creditor and received by the Scheme Manager prior to the Bar Date, then the Claim Form, in the form made available to the Scheme Creditor under clause 2.2.3 and including any information inserted thereon by the Scheme Manager (including, for the avoidance of doubt, any zero balances so inserted), shall be deemed to have been submitted by the relevant Scheme Creditor to the Scheme Manager immediately prior to the Bar Date.

2.3.3 A Scheme Creditor who agrees with all of the information set out on its Claim Form pursuant to clause 2.2.3 and does not wish to add any additional information may submit its Claim Form prior to the Bar Date without making any amendment to it.

2.3.4 Except in the case of a Protected Scheme Claim, in the event that a Claim Form has not been submitted by a Scheme Creditor and received by the Scheme Manager prior to the Bar Date, that Scheme Creditor shall not be entitled to assert any Scheme Claim against the Scheme Company except as set out in the Claim Form prepared by the Scheme Manager in relation to that Scheme Creditor in accordance with clause 2.2.3. For the avoidance of doubt, a Scheme Debt may still arise even if a Claim Form is not submitted.

2.3.5 Each Scheme Creditor shall be deemed to have represented and warranted to the Scheme Company that the information contained in any Claim Form and any information and supporting evidence provided by it or on its behalf pursuant to the Scheme is, to the best of its knowledge and belief, correct, reasonable and supported by appropriate evidence, and this warranty shall be a continuing one.

2.3.6 Any Scheme Claim against Sovereign which has become final and binding in accordance with the Original Sovereign Scheme shall be treated as final and binding hereunder.

2.4 **Agreement of Claim Forms**

2.4.1 Following the Bar Date, in the event that the Scheme Manager, having, where it considers it appropriate to do so, consulted with the Scheme Actuary, agrees with the amendments or additions to a Claim Form returned or deemed to be returned in accordance with clauses 2.3.1, 2.3.2 or 2.3.3 it shall, within 91 days

of the Bar Date, notify the relevant Scheme Creditor of its agreement and the Scheme Company and the relevant Scheme Creditor shall thereafter treat all of the information on the Claim Form, including, for the avoidance of doubt, any which has been amended and completed in accordance with clause 2.3, as final and binding on the Scheme Company and the relevant Scheme Creditor.

- 2.4.2 In the event that the Scheme Manager does not agree with any amendment or addition to information on a Claim Form or supporting evidence returned or deemed to be returned in accordance with clauses 2.3.1, 2.3.2 and 2.3.3 it shall, within 91 days of the Bar Date, notify the relevant Scheme Creditor of the nature of the dispute, the reasons for failure to agree and, where applicable, shall request further supporting evidence and other information. The Scheme Manager and the relevant Scheme Creditor shall thereupon endeavour to resolve and agree on the disputed matters. In the event that the disputed matters are resolved and agreed within 182 days of the Bar Date, all of the information so agreed and all of the other information on the Claim Form, including, for the avoidance of doubt, any which has been amended or added in accordance with clause 2.3, shall be final and binding on the Scheme Company and the relevant Scheme Creditor.
- 2.4.3 In the event that a Scheme Creditor provides further supporting evidence or information in respect of its Scheme Claims pursuant to clause 2.4.2, clause 2.3.5 shall apply to such further supporting evidence as if it had been returned with a Claim Form. The cost of providing such further supporting evidence shall be borne solely by the Scheme Creditor. The Scheme Manager shall be entitled to disregard such further supporting evidence if it is not received by it within 42 days of it being requested.
- 2.4.4 In the event that such resolution and agreement shall not have been or, in the opinion of the Scheme Manager, cannot be reached within 182 days of the Bar Date, any disputed matter shall be referred by the Scheme Manager to whichever, or both, of (i) the Scheme Actuary and/or (ii) a Scheme Adjudicator, that the Scheme Manager decides in its absolute discretion is appropriate to resolve and decide upon the matters in dispute. In deciding which of a Scheme Adjudicator and/or the Scheme Actuary should determine the matter, the Scheme Manager shall have regard to the Estimation Methodology and the matters which can be determined by reference to it. Any

matter referred to a Scheme Adjudicator shall be subject to Adjudication pursuant to clauses 6.3 and 6.4. Any matter referred to the Scheme Actuary shall be valued in accordance with clauses 2.5 and 6.4. The Scheme Manager shall simultaneously send notice to the relevant Scheme Creditor to the effect that the disputed matter has been referred to a Scheme Adjudicator for Adjudication and/or, as the case may be, to the Scheme Actuary for valuation by application of the Estimation Methodology. Subject to clauses 6.4.4 and 6.4.5, any issue of fact or law which is in dispute shall be resolved by Adjudication before the Estimation Methodology is applied to it. All of the information on the Claim Form, including, for the avoidance of doubt, any which has been amended or added in accordance with clause 2.3 and any matters which have been agreed pursuant to clause 2.4.2 and which are not referred to Adjudication or to the Scheme Actuary pursuant to this clause 2.4.4, shall be final and binding on the Scheme Company and the relevant Scheme Creditor.

2.4.5 Following the final and binding determination of a disputed matter referred to in clause 2.4.4 after the 182 days referred to therein, in the event that further matters in relation to the relevant Scheme Claim remain unresolved, the Scheme Manager and the relevant Scheme Creditor shall endeavour to resolve and agree upon those matters. If they have not been resolved and agreed within 21 days of such determination the provisions of clause 2.4.4 in relation to disputed matters shall apply to any remaining matter in dispute, save that any further reference to the Scheme Actuary or a Scheme Adjudicator shall be carried out so as to resolve all remaining disputes, and the provisions of this clause 2.4.5 shall not apply again.

2.4.6 In considering whether to accept any amendments or additions to information on a Claim Form, or supporting evidence returned in accordance with clauses 2.3.1 or 2.4.2, the Scheme Manager shall, where applicable, have regard to the following, and any other factors, information or knowledge which it considers material:

2.4.6.1 any relevant information contained in the Scheme Company's records; and

2.4.6.2 the terms of the Insurance Contract in respect of which a Scheme Claim is being presented.

2.4.7 For the avoidance of doubt, neither the operation of this clause 2.4 nor the provision of further supporting evidence shall give rise to any Scheme Claim which was not notified to the Scheme Manager on or before the Bar Date.

2.5 **Application of the Estimation Methodology to Scheme Claims**

2.5.1 Save as provided in clause 2.5.2, where a claim or matter has been referred to the Scheme Actuary pursuant to clause 2.4.4 or 6.4.5 the Scheme Actuary will apply the Estimation Methodology to that claim or matter in accordance with clause 6.4.

2.5.2 Where a claim or matter to be referred to the Scheme Actuary concerns a Scheme Claim against Continental, the Scheme Actuary for Continental shall, in applying the Estimation Methodology, have regard to any determination reached by the Scheme Actuary for Scheme Companies other than Continental in relation to the same Scheme Claim against any other Scheme Company on the same Underwriting Stamp as Continental. In all other respects, the provisions of the Scheme in relation to the application of the Estimation Methodology and the right to dispute a determination made pursuant to it shall apply to any determination made pursuant to this clause 2.5.2.

2.5.3 Subject to clauses 6.4.4 and 6.4.5, the Scheme Actuary shall apply the Estimation Methodology to the relevant information on the Claim Form and supporting evidence only when all relevant aspects of such Claim Form and supporting evidence which have been referred to a Scheme Adjudicator pursuant to clause 2.4.4 have become final and binding pursuant to clause 6.4.

2.5.4 A Scheme Creditor may, by notice to be received by the Scheme Manager within 28 days of receipt of the determination sent by the Scheme Actuary pursuant to clause 6.4.7, object to the result of the application of the Estimation Methodology to his Scheme Claim by the Scheme Actuary and such objection shall be dealt with as follows:

2.5.4.1 if the objection is on the grounds of Manifest Error, the Scheme Manager shall deal with it as if it were a Manifest Error pursuant to

clauses 2.7.4.2 to 2.7.4.5; or

2.5.4.2 if the objection is on grounds other than Manifest Error, the valuation shall be referred by the Scheme Manager to the Actuarial Adjudicator and shall be determined by him in accordance with clause 6.4. The Scheme Manager shall simultaneously send notice to the relevant Scheme Creditor to the effect that the disputed matter has been referred to the Actuarial Adjudicator for determination.

2.6 **Calculation of Scheme Debts**

As soon as reasonably possible after all of a Scheme Creditor's Scheme Claims have been subject to a final and binding agreement or valuation, the Scheme Manager shall calculate the value of that Scheme Creditor's Scheme Debt (if any). Where the Scheme Creditor is a reinsurer of, as well as a cedant to, the Scheme Company, its Scheme Debts will be calculated, where relevant, by reference to amounts which have been valued or agreed pursuant to clause 2.4, 2.5 or 2.7.2 and any Final Award referred to in clause 4.1.7.

2.7 **Valuation Statements**

2.7.1 Save when clause 2.7.2 shall apply, within 42 days of the last of the following:

2.7.1.1 completion of the steps referred to in clauses 2.2 to 2.5 and 2.7.3 or such of them as apply to the valuation of a Scheme Creditor's Scheme Claims,

2.7.1.2 where applicable, calculation of the value of the relevant Scheme Creditor's Scheme Debts; and

2.7.1.3 where applicable, the making of a Final Award referred to in clause 4.1.7, the Scheme Manager shall send or make available to each such Scheme Creditor a Valuation Statement setting out:

2.7.1.4 the total of the Scheme Creditor's Agreed Claims;

2.7.1.5 the value of the Scheme Creditor's Scheme Debts (if any), subject, in the case of Sovereign only, to clause 10.1;

- 2.7.1.6 the amount of adjustments reflecting payments by or to the Scheme Company or transactions effecting netting off or set-off in respect of a Scheme Creditor's Agreed Claims and/or Scheme Debts prior to the date of the Valuation Statement;
- 2.7.1.7 the amount of any Scheme Claims which have been satisfied by the application of Security or Security Interests since the Ascertainment Date and the amount of any Security or Security Interests, excluding any regulatory trust fund, to be deducted from the total of such Scheme Creditor's Agreed Claims;
- 2.7.1.8 any adjustments required to eliminate the present value discount applied, pursuant to the Estimation Methodology, to amounts on the Valuation Statement for the period between the Ascertainment Date and the date of the Valuation Statement;
- 2.7.1.9 except in the case of Sovereign, where clause 11.3 shall apply, the amount of any sums in respect of a Scheme Adjudicator's or the Actuarial Adjudicator's unpaid remuneration, costs and expenses pursuant to clause 6.5 to be deducted from the total of such Scheme Creditor's Agreed Claims;
- 2.7.1.10 except in the case of Sovereign, where clause 11.3 shall apply, the amount of any advance payment treated as having been received by the Scheme Creditor for the purposes of clause 4.1.4 or 4.1.5 which is to be deducted from the total of such Scheme Creditor's Agreed Claims;
- 2.7.1.11 any amounts which are required to be deducted or withheld by the Scheme Company for or on account of Tax in respect of Admissible Interest or Sovereign Admissible Interest;
- 2.7.1.12 any other amounts in relation to Scheme Claims or Scheme Debts not expressly referred to in clauses 2.7.1.4 to 2.7.1.11 above which the Scheme Manager considers ought to be taken into account for the purpose of calculating the Scheme Creditor's Net Ascertained Claim or the Scheme Company's Net Debt, as the case may be; and

2.7.1.13 the final balance following aggregation of the amounts referred to in this clause 2.7.1 which shall be that Scheme Creditor's Net Ascertained Claim or Net Debt, as the case may be.

2.7.2 Scheme Manager's power to commute

At any time prior to the Scheme Manager having sent or made available to a Scheme Creditor a Valuation Statement pursuant to clause 2.7.1, the Scheme Manager and the Scheme Creditor may agree in writing the amount of a Net Ascertained Claim or Net Debt which should appear on that Scheme Creditor's Valuation Statement, provided that such Net Ascertained Claim shall not include any Protected Scheme Claim or Agreed Protected Claim. In the event that such agreement is reached, notwithstanding the provisions of clause 2.7.1, the Scheme Manager shall as soon as reasonably practicable send or make available to the Scheme Creditor a Valuation Statement setting out only the amount of the Net Ascertained Claim or Net Debt, as applicable, so agreed. For the avoidance of doubt, clause 2.7.5 shall not apply to a Valuation Statement prepared pursuant to this clause 2.7.2.

2.7.3 Currency conversion

2.7.3.1 A Scheme Creditor may elect on its Claim Form for its Net Ascertained Claim or Net Debt to be denominated in a single Scheme Currency in which event all amounts on its Valuation Statement shall, where applicable, be converted into that Scheme Currency at the Scheme Rate.

2.7.3.2 The Scheme Manager and a Scheme Creditor may agree in writing that such Scheme Creditor's Net Ascertained Claim or Net Debt be denominated in a single currency which is not a Scheme Currency, in which event all the amounts on its Valuation Statement shall, where applicable, be converted into that currency at the Scheme Rate.

2.7.3.3 In the event that neither clause 2.7.3.1 nor clause 2.7.3.2 applies, a Valuation Statement shall be prepared on the basis that balances arising in a Scheme Currency will be shown in that currency and all other balances shall, subject to clause 2.7.3.4, be converted at the

Scheme Rate into and shown in Pounds Sterling, in both cases subject to any application of clause 2.7.3.5.

2.7.3.4 Where the original currency of a Scheme Claim or other amount to be reflected on a Valuation Statement is a currency that has been superseded by the Euro, subject to the Scheme Creditor having elected for its Valuation Statement to be prepared in another Scheme Currency, such amounts will be reflected on a Valuation Statement in Euros at the rate to be applied by virtue of the legislation effecting the change to the Euro or, if there is no such rate, at a rate to be determined by the Scheme Manager.

2.7.3.5 Where for the purpose of calculating the aggregate amounts referred to in clause 2.7.1 the Scheme Manager is required to set off amounts denominated in different Scheme Currencies, such amounts shall be converted as follows:

- (a) where there has been an election or agreement to use one currency pursuant to clauses 2.7.3.1 or 2.7.3.2, all amounts to be set off shall be converted into that currency at the Scheme Rate, and the Net Ascertained Claim or Net Debt shall be denominated in that currency;
- (b) where there has been no such agreement or election and there is more than one Scheme Currency in the amounts to be aggregated pursuant to clause 2.7.1, set off shall be between amounts in the same Scheme Currency only, provided that each of the resulting aggregate balances in each Scheme Currency are in favour of the Scheme Creditor. Such resulting aggregate balances shall together be the Net Ascertained Claim or Net Debt and shall be expressed in such Scheme Currencies. If any of the resulting balances would be an amount in favour of the Scheme Company, all of the balances will be converted into US Dollars at the Scheme Rate for the purpose of set-off and the resulting Net Ascertained

Claim or Net Debt shall be denominated in US Dollars notwithstanding the provisions of clause 2.7.3.3.

2.7.4 Disputes concerning Manifest Error in Valuation Statements

2.7.4.1 If no notice disputing an amount or any other matter set out on a Valuation Statement sent pursuant to clause 2.7.1 is received by the Scheme Manager within 56 days of the date of the Valuation Statement, the contents of that Valuation Statement shall be deemed to be accepted by the relevant Scheme Creditor and, so far as the law permits, be final and binding on the Scheme Company and the relevant Scheme Creditor.

2.7.4.2 A Scheme Creditor may only dispute an amount or other matter set out on a Valuation Statement other than the sums referred to in clause 2.7.5.1, on the grounds of Manifest Error and, in the event of such a dispute, it shall inform the Scheme Manager of this by notice to be received by the Scheme Manager within 56 days of the date of the Valuation Statement. Such notice shall set out sufficient details of the alleged Manifest Error for the Scheme Manager to investigate it and, if necessary, correct it. The Scheme Manager shall resolve an alleged Manifest Error within 14 days of receiving notice of it.

2.7.4.3 Within 14 days of a dispute concerning a Manifest Error on a Valuation Statement being resolved, the Scheme Manager shall send the relevant Scheme Creditor a revised Valuation Statement setting out the corrected amounts or other matters, as applicable. The revised Valuation Statement sent pursuant to this clause 2.7.4.3 shall, subject to any matters to be resolved pursuant to clauses 2.7.4.4, 2.7.4.5 and 2.7.5, so far as the law permits, be final and binding on the Scheme Company and the Scheme Creditor concerned.

2.7.4.4 In the event that a Scheme Creditor disputes an amount or other matter set out on a Valuation Statement which is sent by the Scheme Manager to the Scheme Creditor pursuant to clause 2.7.4.3

on the grounds of Manifest Error following a previous dispute as to Manifest Error, the provisions of clause 2.7.4 shall apply to such later dispute as to Manifest Error save that the reference in clause 2.7.4.2 to "within 56 days of the date of the Valuation Statement" shall be read as "within 28 days of the date of the revised Valuation Statement".

2.7.4.5 If the Scheme Manager in respect of a dispute in relation to an alleged Manifest Error on a Valuation Statement referred to it in accordance with clause 2.7.4.2, or the Scheme Adjudicator in respect of a dispute referred to it in accordance with clause 2.7.5.3, determines that there is no ground for alteration of the original amount or preparation of a revised Valuation Statement, it or he shall, within 14 days of making such determination, send notice to the relevant Scheme Creditor that that is the case. The Valuation Statement shall, subject to any other changes made by virtue of this clause 2.7, thereupon, so far as the law permits, be final and binding on the Scheme Company and the Scheme Creditor concerned.

2.7.5 Disputes as to calculation of Scheme Debts and other amounts on a Valuation Statement

2.7.5.1 Subject to clause 2.7.5.5, a Scheme Creditor may dispute the calculation or determination of an amount other than the value of Agreed Claims shown on its Valuation Statement on grounds other than Manifest Error. It shall inform the Scheme Manager of this by notice to be received by the Scheme Manager within 56 days of the date of the Valuation Statement. Such notice shall set out the nature and grounds for the disagreement and shall be accompanied by any relevant supporting evidence.

2.7.5.2 Upon receipt of a notice pursuant to clause 2.7.5.1 within the 56-day period, the Scheme Manager will make available to the relevant Scheme Creditor relevant supporting evidence and/or explanation in relation to the disputed amounts. The Scheme Creditor concerned shall also be entitled to review the calculation of its Scheme Debt, provided that it has requested such a review in the

notice sent pursuant to clause 2.7.5.1. If necessary such review shall be carried out by arrangement with the Scheme Manager at its offices and must be concluded within 21 days of the date on which the 56-day period referred to in clause 2.7.5.1 ends. The Scheme Manager and the Scheme Creditor shall endeavour to resolve and agree upon the disputed matters within (i) 56 days of receipt of such notice or, (ii) if such a review has been requested, within 56 days of the end of the 21-day period for such review of records referred to above, whichever shall be the later. In the event that the disputed matters are resolved and agreed, the Valuation Statement shall be issued as soon as practicable reflecting the agreed amount and thereupon, subject to any matters to be resolved pursuant to clause 2.7.4, so far as the law permits, be final and binding on the Scheme Company and the Scheme Creditor concerned. For the avoidance of doubt, the Scheme Creditor shall be responsible for its own costs in connection with any such review.

2.7.5.3 If a disputed matter duly notified in accordance with clause 2.7.5.1 is not resolved within the second 56-day period referred to in clause 2.7.5.2, the Scheme Manager shall refer it to a Scheme Adjudicator, or, in relation only to the elimination of the discount referred to in clause 2.7.1.8, the Actuarial Adjudicator for adjudication in accordance with clauses 6.3 and 6.4.

2.7.5.4 The Scheme Adjudicator, or the Actuarial Adjudicator in relation only to the elimination of the discount referred to in clause 2.7.1.8, shall, in accordance with clause 6.4, determine whether the calculation or valuation, as appropriate, of the disputed amount was correctly carried out in accordance with the terms of the Scheme and, if not, what the correct calculation or valuation is. The Scheme Adjudicator, or the Actuarial Adjudicator in relation only to the elimination of the discount referred to in clause 2.7.1.8, shall notify the relevant Scheme Creditor and the Scheme Manager within 14 days of making his determination pursuant to this clause 2.7.5.4. Subject to any matters to be resolved pursuant to clause 2.7.4, a Valuation Statement including the amount determined by

the Scheme Adjudicator or the Actuarial Adjudicator shall be issued as soon as practicable thereafter by the Scheme Manager and thereupon, so far as the law permits, be final and binding on the Scheme Company and Scheme Creditor concerned.

2.7.5.5 Nothing in this clause 2.7.5 shall entitle a Scheme Creditor to dispute, or a Scheme Adjudicator or the Actuarial Adjudicator to alter, the amounts of Agreed Claims (including the Agreed Claims of other Scheme Creditors) or the amounts of such Agreed Claims of Scheme Creditors applied to contracts by which the Scheme Company is reinsured in respect of such claims for the purposes of set-off pursuant to clause 2.7.1.

2.8 **Effect of the Scheme**

2.8.1 Except insofar as it has any Agreed Protected Claims or Protected Scheme Claims and/or any guarantee relating thereto, each Scheme Creditor (apart from the FSCS to which this clause 2.8 shall not apply) shall be deemed to agree that:

2.8.1.1 its Net Ascertained Claim shall constitute the Scheme Company's entire remaining Liability to the relevant Scheme Creditor in respect of all of its Scheme Claims and that the terms of all Insurance Contracts giving rise to Scheme Claims are amended accordingly;

2.8.1.2 notwithstanding the terms of clause 3.1.3, the sending of a cheque or making of a telegraphic transfer (or any other means of payment or discharge including without limitation, any application of Security and any application of set-off) in accordance with the terms of the Scheme in the amount of the Net Ascertained Claim, save in respect of Sovereign where clause 11 shall apply, by the Scheme Company shall be deemed to constitute payment in full and final settlement of all and any Scheme Claims of that Scheme Creditor against the Scheme Company;

2.8.1.3 such payment in full and final discharge of all and any Scheme Claims shall also be deemed to be in full and final discharge of all

sums and obligations due under any guarantee that may exist in respect of such Scheme Claims; and

- 2.8.1.4 in the event that it signs and returns a Combined Valuation Statement, the terms of this clause 2.8.1 shall apply (a) in the case of clause 2.8.1.1, to each Net Ascertained Claim shown on a Valuation Statement sent with the Combined Valuation Statement; and (b) in the case of clauses 2.8.1.2 and 2.8.1.3, to the sending of a cheque or making of a telegraphic transfer in respect of the net amount shown on the Combined Valuation Statement.
- 2.8.2 Nothing in the Scheme shall result in any Liability which is not a Scheme Claim against the Scheme Company forming part of a Net Ascertained Claim against the Scheme Company.
- 2.8.3 Following the application of clause 2.7, any Liability shown on a Valuation Statement, or Combined Valuation Statement, as a Net Debt shall be deemed to have extinguished all of the relevant Scheme Creditor's Scheme Claims (except for any Protected Scheme Claims) and the Scheme Company shall not owe any amount or have any liability in respect of them.
- 2.8.4 It is a requirement of the Scheme between each Scheme Company and its Scheme Creditors that such creditors shall, insofar as they are Scheme Creditors of any other Scheme Company, abide and be bound by the terms of the Scheme as it relates to that other Scheme Company. For the avoidance of doubt, this clause 2.8.4 has no effect on any other schemes of arrangement which a Scheme Company may have implemented or may implement in the future.

3. **PAYMENT OF NET ASCERTAINED CLAIMS AND NET DEBTS**

3.1 **Payment of Net Ascertained Claims**

3.1.1 Clauses 3.1.2 and 3.1.3 shall not apply to Sovereign. Payments by Sovereign in respect of Net Ascertained Claims shall be made pursuant to clause 11.

3.1.2 Subject to clause 3.1.1, the Scheme Company will pay each Net Ascertained Claim by cheque or, if the Scheme Creditor so requests, or the Scheme Manager so decides, by telegraphic transfer, in the currency selected or determined (as appropriate) following the application of clause 2.7.3 in favour of the relevant Scheme Creditor (or such other person as the Scheme Creditor may direct by notice in writing in a form satisfactory to the Scheme Manager). Cheques will be despatched by Post and telegraphic transfers will be made by the Scheme Manager as soon as reasonably practicable after the date on which each Valuation Statement containing a Net Ascertained Claim has become final and binding in accordance with clause 2.7, and in any event within 42 days thereof. Payments by cheque will be at the risk of the Scheme Creditor (who shall bear the costs of clearing each such cheque) and such cheques will be sent to the last known address of the Scheme Creditor or to any other address of which the Scheme Manager may receive notification in a form satisfactory to the Scheme Manager from the Scheme Creditor, or to the last known address of such other person as is directed to receive payment under this clause 3.1.

3.1.3 Without prejudice to the effect of clause 2.8.1, in the event that a Scheme Creditor to whom a cheque is sent pursuant to clause 3.1.2 notifies the Scheme Manager within six months of the date on which it was sent that the cheque has been lost or mislaid, the Scheme Manager shall, if satisfied that the cheque has not been cashed and can be cancelled, send a replacement cheque to the Scheme Creditor concerned at the address referred to in clause 3.1.2.

3.2 **Net Debts**

The Scheme Manager shall request payment of each Net Debt as soon as reasonably practicable after the relevant Valuation Statement has become final and binding in accordance with clause 2.7.

3.3 **Cessation of payments**

Subject to clause 12.9.4 and without prejudice to clause 3.1, the Scheme Company shall be entitled not to pay or discharge Scheme Claims in the normal course of business from the Effective Date.

3.4 **Payments made on the basis of misrepresentation or fraud**

For the avoidance of doubt the Scheme Company shall be entitled to recover any amount which it has paid on the basis of a misrepresentation or fraud.

4. CLAIMS

4.1 Stay of Proceedings

- 4.1.1 Subject to the provisions of clause 4.1.8, no Scheme Creditor shall be permitted to institute or continue any Proceedings whatsoever against the Scheme Company or its Property to establish the existence or amount of a Scheme Claim except as expressly provided for in the Scheme or with the written consent of the Scheme Manager.
- 4.1.2 Save to the extent that the Scheme Company has failed to perform any obligation to make a payment to a Scheme Creditor in respect of a Net Ascertained Claim, no Scheme Creditor shall be entitled to take or continue any Proceedings against the Scheme Company or its Property in any jurisdiction whatsoever to enforce payment in whole or in part of any Scheme Claim, except as expressly provided for in the Scheme or with the written consent of the Scheme Manager.
- 4.1.3 If and to the extent that a Scheme Creditor obtains an order, judgment, decision or award of a court or tribunal against the Scheme Company in relation to a Scheme Claim in contravention of clause 4.1.1 or clause 4.1.2, such order, judgment, decision or award shall not give rise to an Agreed Claim and shall be disregarded when determining any Liability of the Scheme Company in respect of the relevant Scheme Claim.
- 4.1.4 If any Scheme Creditor takes any action which is prohibited by clause 4.1.1 or clause 4.1.2 after the Effective Date, then:
- 4.1.4.1 it shall without prejudice to any other rights of the Scheme Company and/or the Scheme Manager be treated as having received an advance payment, on account of its Scheme Claim, or, in the case of Sovereign, on account of the Payment Percentage payable to it, equal to the amount or gross value of any money, Property or benefit or advantage obtained by it at the expense of the Scheme Company as a result of such action; and

- 4.1.4.2 the process of valuing its Scheme Claim may be suspended, and the process of making payment in respect of it shall be suspended, until such action is discontinued.
- 4.1.5 If the gross value of any Property, benefit or advantage obtained by a Scheme Creditor cannot be agreed between the Scheme Manager and the Scheme Creditor within 28 days of the Scheme Manager advising the Scheme Creditor of its valuation of the same, the Scheme Manager shall refer the issue to the Scheme Adjudicator for Adjudication pursuant to clauses 6.3 and 6.4. In addition to determining the gross value, the Scheme Adjudicator shall be entitled to award such amount as he may in his absolute discretion consider to be appropriate in respect of interest, costs, charges and expenses incurred by the Scheme Company or the Scheme Manager as a consequence of the action prohibited by clause 4.1.1 or clause 4.1.2.
- 4.1.6 If the amount of advance payment, which a Scheme Creditor is treated as having received pursuant to clause 4.1.4, exceeds the total amount the relevant Scheme Creditor would otherwise be entitled to receive from the Scheme Company pursuant to the Scheme, then without prejudice to any other rights of the Scheme Company:
- 4.1.6.1 the Scheme Creditor shall immediately repay the excess to the Scheme Company, failing which interest shall accrue on such excess for the period from the date upon which the Scheme Creditor's Net Ascertained Claim is established under the Scheme to the date of repayment of such excess, at a rate equal to LIBOR plus five per cent from time to time. Interest shall accrue from day to day for the duration of such period (from and including the first day thereof), shall be calculated on the basis of the actual number of days elapsed and a 365-day year in respect of Pounds Sterling and a 360-day year in respect of other currencies, and shall be payable on the last day of such period. Such excess shall be held on trust for the Scheme Company by the relevant Scheme Creditor until it is paid to the Scheme Company.

4.1.6.2 the Scheme Company shall be deemed to have satisfied the full amount of its liability in respect of all of that Scheme Creditor's Scheme Claims pursuant to clause 2.8.1.

4.1.7 In the event that Proceedings are commenced or continued by a Scheme Creditor as expressly provided for in the Scheme or with the written consent of the Scheme Manager, any Final Award made in such Proceedings shall be treated as an Agreed Claim.

4.1.8 Where a Scheme Company commences or continues any Proceedings against a Scheme Creditor, the Scheme Creditor may assert and prosecute a Scheme Claim against such Scheme Company in those Proceedings (whether by way of claim or counterclaim) so long as:

4.1.8.1 such Scheme Claim arises out of the same transaction or occurrence that is the subject matter of such Scheme Company's claim in those Proceedings; and

4.1.8.2 such Scheme Claim does not require for its adjudication the presence of any third party over whom the court or tribunal in question cannot acquire jurisdiction.

4.1.9 For the purposes of clause 4.1.8, a Scheme Company shall be deemed not to be continuing any Proceedings which commenced before the Effective Date and in which such Scheme Company is not actively prosecuting its claims against such Scheme Creditor.

4.2 **Interest**

No interest other than Admissible Interest or Sovereign Admissible Interest shall form part of a Scheme Claim or Agreed Claim or Agreed Protected Claim, as the case may be.

4.3 **Security**

4.3.1 A Scheme Creditor may obtain payment by means of its Security at any time, provided that this is done strictly in accordance with the terms of the contract pursuant to which such Security was established and the terms (if any) of the Security.

- 4.3.2 When a Scheme Creditor's Valuation Statement has become final and binding pursuant to clause 2.7 and to the extent that it takes account of the deduction of Security in respect of a Net Ascertained Claim, the Scheme Creditor shall draw the applicable amount from the relevant Security notwithstanding any provision to the contrary in the terms on which the Security was established.
- 4.3.3 Nothing in the Scheme shall affect the rights of the Scheme Company under any applicable law against any person in respect of any wrongful or excessive enforcement, drawdown or withdrawal of funds in respect of any Security.
- 4.3.4 Where a Scheme Creditor has exhausted its rights to apply its Security against Scheme Claims but the Security is not exhausted, the Scheme Creditor in whose favour such Security was established shall provide such co-operation and assistance as the Scheme Company may require in order to obtain the release of the balance remaining of any funds deposited as, or as collateral in respect of, such Security to the Scheme Company. Each Scheme Creditor is deemed to acknowledge that, in the event that its Net Ascertained Claim has been satisfied or it becomes a Net Debtor, it shall continue to be obliged to provide assistance to the Scheme Company in accordance with this clause 4.3.4.

4.4 **Third party funding**

Except in the case of the Policyholders Protection Board or the FSCS where they have taken assignments of Scheme Claims pursuant to or in connection with the Original Sovereign Scheme, a person who has funded the payment of a Scheme Claim shall not constitute a Scheme Creditor for the purposes of making such Scheme Claim in the Scheme unless:

- 4.4.1 that person has acquired an assignment of the funded Scheme Claim or written confirmation from the beneficiary of such funding that they are entitled to submit a Scheme Claim in the place of such beneficiary in respect of the funded Scheme Claim and that assignment or written confirmation has been produced in a form acceptable to the Scheme Manager; or
- 4.4.2 such funding took place pursuant to a contractual obligation of the person to the Scheme Company or in circumstances where, as a matter of law, the Scheme Company is liable to indemnify or reimburse such person. For the

purpose of determining whether funding falls within this clause 4.4.2 in the absence of agreement between the Scheme Manager and the relevant person, the matter shall be referred to a Scheme Adjudicator for Adjudication in accordance with clauses 6.3 and 6.4 (in which case all references in that clause to the Scheme Creditor shall be read as references to the relevant person). The amount determined as being due in respect of that Scheme Claim shall, insofar as the law permits, be the amount that the Agreed Claim in respect of that Scheme Claim would have been if it had been asserted by the beneficiary referred to in clause 4.4.1.

4.5 Lloyd's Syndicates

4.5.1 The Scheme Manager shall treat a Lloyd's Syndicate which has Scheme Claims as if it were a single Scheme Creditor of the Scheme Company in respect of all such Scheme Claims and any Scheme Debt or contingent Scheme Debt which has fallen due or which may fall due to a Scheme Company from that Lloyd's Syndicate.

4.5.2 For the purposes of the Scheme, where the year of account of a Syndicate has been closed by means of a reinsurance to close into the year of account of another Syndicate, the rights and Liabilities of the former Syndicate, including any deemed to be its rights and Liabilities pursuant to this clause 4.5, shall be deemed to be the rights and Liabilities of the latter Syndicate.

4.6 Managing general agents, line-slip holders, managers of underwriting pools

4.6.1 The Scheme Manager shall be entitled to require any manager of an underwriting pool, managing general agent, holder of a line-slip, holder of a broker cover authority or binding authority to allocate Scheme Claims and, where applicable, Scheme Debts by reference to each relevant principal for which it is responsible. If the Scheme Manager does not receive sufficient details of the Scheme Claims allocated to each such principal together with any necessary supporting evidence the Scheme Manager shall, for the avoidance of doubt, be entitled to apply the provisions of clause 4.6.2. All Scheme Creditors affected by such allocation pursuant to this clause 4.6.1 shall be bound by the allocation.

4.6.2 The Scheme Manager shall as an alternative to clause 4.6.1 have the power, the

exercise of which shall bind Scheme Creditors, to treat those acting, or believed to be acting, on behalf of principals insured or reinsured by the Scheme Company or who reinsured the Scheme Company, including but not limited to, managers of underwriting pools, managing general agents and the holders of line-slips, broker cover authorities or binding authorities, as if they were a principal creditor or debtor in place of their principals until such time as the Scheme Manager receives notice in a form satisfactory to it in writing from any such insured or reinsured principal or reinsuring principal that the relevant party has no authority to act on their behalf, or that the relevant party's authority to act on their behalf has come to an end.

- 4.6.3 In the event of doubt as to which of clauses 4.6.1 and 4.6.2 shall apply to an agent or representative, the decision of the Scheme Manager in this respect shall so far as the law permits be final and binding.

5. SCHEME OFFICE HOLDERS

5.1 The Scheme Manager

- 5.1.1 The first Scheme Manager shall be PRO Insurance Solutions Limited which has given to the Scheme Company, and not withdrawn, its consent to act as Scheme Manager from the Effective Date and has contracted to be bound by the terms of the Scheme to the extent that the same apply to the Scheme Manager. In exercising its powers and carrying out its duties and functions under the Scheme, the Scheme Manager shall act in good faith, and with due care, and shall exercise its powers under the Scheme for the purpose of ensuring that the Scheme is operated in accordance with its terms. The Scheme Company undertakes to be bound by the acts and decisions of the Scheme Manager pursuant to the Scheme.
- 5.1.2 The Scheme Manager shall not have authority or power to bind the Scheme Company save as set out in the Scheme.
- 5.1.3 Nothing in the Scheme shall render the Scheme Manager liable for any Liabilities or other obligations of the Scheme Company.
- 5.1.4 The Scheme Company shall endeavour to procure that at all times during the Scheme Period there shall be a Scheme Manager. In the event of a vacancy in the office of Scheme Manager, the Scheme Company shall appoint a replacement Scheme Manager as soon as practicable provided that such replacement Scheme Manager is, in the reasonable opinion of the Scheme Company, suitably qualified and consents so to act. Without prejudice to the foregoing, in the event of a vacancy in the office of Scheme Manager, pending the appointment of a replacement Scheme Manager, the Scheme Company shall act as Scheme Manager and, for the avoidance of doubt, shall have the powers, rights, duties and functions conferred upon the Scheme Manager under the Scheme.

5.2 **Powers, rights, duties and functions of the Scheme Manager**

The Scheme Manager shall assist the Scheme Company in the application of the Scheme and shall have the powers, rights, duties and functions conferred upon it under the Scheme for such purpose.

5.3 **The Scheme Adviser**

5.3.1 Each Scheme Company except Sovereign, which shall make no such appointment and to which clauses 5.3, 5.4, 5.5 and 5.6 shall not apply, shall appoint one Scheme Adviser who shall be a firm or person duly qualified in the reasonable opinion of the Scheme Company to discharge the function of a Scheme Adviser under the Scheme.

5.3.2 The first Scheme Adviser in relation to the Scheme Company is identified at Appendix F and has given to the Scheme Company, and not withdrawn, its consent to act as Scheme Adviser from the Effective Date and contracted to be bound by the terms of the Scheme to the extent that they apply to it as Scheme Adviser. In the event of a vacancy in the office of Scheme Adviser, the Scheme Company shall appoint forthwith such other firm or person as it shall consider qualified pursuant to clause 5.3.1 and who is not ineligible by reason of any of the matters referred to in clause 5.10 to act as Scheme Adviser.

5.3.3 Notwithstanding any provisions in any agreement between the Scheme Company and the Scheme Adviser, with respect to its role as Scheme Adviser, the following provisions shall apply in the event that a Scheme Adviser ceases for any reason to hold office:

5.3.3.1 the Scheme Adviser shall within seven days send to the Scheme Manager and to the Scheme Company's registered office, a statement of any circumstances connected with its ceasing to hold office which it considers should be brought to the attention of Scheme Creditors or, if it considers that there are no such circumstances, a statement that there are none and the Scheme Company and the Scheme Manager shall forthwith place such statement on the Website where it shall remain until the Completion Date; and

5.3.3.2 the Scheme Company shall make a copy of such statement available to any Scheme Creditor who requests one.

5.4 **Duties and functions of the Scheme Advisers**

5.4.1 The Scheme Advisers shall carry out the duties and functions and exercise the powers and rights conferred on them under the Scheme with the object of facilitating the implementation of the Scheme in accordance with its terms. In performing their duties and functions and exercising their rights and powers under the Scheme, the Scheme Advisers shall exercise reasonable care and skill.

5.4.2 If a Scheme Creditor considers that the Scheme is not being operated in accordance with its terms he shall give notice to the Scheme Manager in writing together with any available supporting evidence, with a copy to the Scheme Advisers (the "**Complaint**"). The Scheme Advisers shall forthwith review the Complaint, conduct such investigations as they consider appropriate and provide a written statement to the Scheme Manager, with a copy to the Scheme Creditors and the Scheme Company, as soon as is practicable and in any event within 21 days of receipt of the copy of the Complaint, informing the Scheme Manager:

5.4.2.1 that they have concluded that the Complaint is unjustified; or

5.4.2.2 that they have concluded that the Complaint is justified,

and in each case the Scheme Advisers shall state their reasons for reaching such conclusion.

5.4.3 In the event that the Scheme Advisers have determined that the Complaint is justified they shall provide written advice to the Scheme Company and the Scheme Manager on how the Scheme should be operated in relation to the subject matter of the Complaint and on the steps that should be taken to remedy the Complaint.

5.4.4 The Scheme Manager shall within 14 days of receiving the advice referred to in clause 5.4.3 send to the Scheme Creditor, the Scheme Company and the

Scheme Advisers a written statement detailing the steps taken or proposed to be taken as a result of advice given by the Scheme Advisers.

5.4.5 In the event that the Scheme Manager disregards, or does not fully implement the advice of the Scheme Advisers, or does not remedy the matter to enable compliance with the Scheme, the Scheme Advisers shall send written notice to the Scheme Company, with a copy to the complainant Scheme Creditor, stating that in their view the Scheme is not being operated in accordance with its terms and setting out the reasons for this view.

5.4.6 In the event that the Complaint is made against more than one Scheme Company, the Scheme Advisers of all such Scheme Companies shall consult together with a view to reaching a single conclusion under clause 5.4.2.1 or clause 5.4.2.2 and taking such steps as may be required under clauses 5.4.3 and 5.4.5.

5.5 Specific rights and powers of the Scheme Adviser

5.5.1 In carrying out its duties and functions under the Scheme, the Scheme Adviser, without prejudice to the full terms of the Scheme, shall be entitled:

5.5.1.1 to delegate or to employ any person as it sees fit for the carrying out of its powers, rights, duties and functions under the Scheme;

5.5.1.2 to have full access at all times to all such information as it may from time to time require from the Scheme Company and/or the Scheme Manager and/or the Scheme Creditor or any Scheme office holder in relation to the affairs of the Scheme Company in connection with the operation of the Scheme including all books, papers, documents and other information contained or represented in any format whatsoever within the possession or under the control of the Scheme Company and/or the Scheme Manager, subject to any confidentiality obligations which limit disclosure of such information to such Scheme Adviser;

5.5.1.3 to the extent that the Court has jurisdiction, to apply, or request the Scheme Company to apply, to the Court for directions in relation to matters arising in relation to the Scheme;

5.5.1.4 to consult with such advisers, including legal experts and advisers, as it may deem appropriate; and

5.5.1.5 to do all other things incidental to the performance and exercise of the powers, rights and functions conferred upon it under the Scheme.

5.5.2 The Scheme Adviser shall have no executive powers in relation to the Scheme Company. All such powers shall remain with the Board. No provision of the Scheme shall constitute the Scheme Adviser as agent of the Scheme Company.

5.5.3 Any function or duty of the Scheme Company and any right or power conferred on the Scheme Company or its officers whether pursuant to statute or its memorandum or articles of association which could be exercised in such a way as to interfere with the performance or exercise by the Scheme Adviser of the powers, rights, duties and functions conferred upon it under the Scheme shall not be so exercised except with the agreement of the Scheme Adviser, which agreement may be given either generally or in relation to a particular case, provided however that nothing in this clause 5.5.3 shall relieve the directors of the Scheme Company from the duties and obligations imposed on them by law including by, but not limited to those under the Act.

5.6 **Responsibility of Scheme Adviser**

So far as the law permits, no Scheme Creditor shall be entitled to challenge the validity of any act done or omitted to be done by the Scheme Adviser or by any Delegate or Employee pursuant to the provisions of the Scheme or in the performance or exercise or non-exercise by them or any of them in good faith of any power, right, duty or function conferred upon them under the Scheme and no Scheme Adviser, Delegate or Employee of the Scheme Adviser shall be liable for any loss unless such loss is attributable to its or his own fraud or dishonesty.

5.7 **The Scheme Actuary**

5.7.1 There shall be one Scheme Actuary who shall have the powers, rights, duties and functions conferred upon him by the Scheme. In exercising his powers and carrying out his duties and functions under the Scheme, the Scheme Actuary shall act in good faith and with due care and shall exercise his powers

under the Scheme for the purpose of ensuring that the Scheme is operated in accordance with its terms.

5.7.2 Unless the context otherwise requires, references in the Scheme to the Scheme Actuary shall be construed respectively as referring to the Scheme Actuary or any alternate or additional Scheme Actuary who is carrying out or is appointed to carry out the functions of the Scheme Actuary in relation to any particular matter.

5.7.3 The Scheme Actuary shall:

5.7.3.1 be an individual who is a Fellow of an actuarial body which is affiliated to the International Actuarial Association;

5.7.3.2 have experience of non-marine, marine, aviation and casualty actuarial work; and

5.7.3.3 be a different person from, and not in the same firm or organisation as, the Actuarial Adjudicator.

5.7.4 The first Scheme Actuary in relation to all of the Scheme Companies other than Continental shall be David Hindley of Deloitte & Touche LLP, Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR, United Kingdom, who has given, and not withdrawn, his consent to act as Scheme Actuary in relation to all of the Scheme Companies other than Continental from the Effective Date and has contracted to be bound by the terms of the Scheme to the extent that the same apply to the Scheme Actuary.

5.7.5 The first Scheme Actuary in relation to Continental shall be Esmee Robinson of PricewaterhouseCoopers LLP of Southwark Towers, 32 London Bridge Street, London SE1 9SY, United Kingdom who has given and not withdrawn her consent to act as Scheme Actuary in relation to Continental from the Effective Date and has contracted to be bound by the terms of the Scheme to the extent that they apply to the Scheme Actuary.

5.7.6 References to the Scheme Actuary shall mean, as applicable, the Scheme Actuary for Continental or the Scheme Actuary for the other Scheme Companies.

5.8 **Removal and replacement of the Scheme Actuary**

- 5.8.1 The Scheme Manager may on the recommendation of the Actuarial Adjudicator or for good cause (and in the case of Sovereign with the written consent of the Scheme Administrators) remove the Scheme Actuary and/or alternate Scheme Actuary. In the event of any such removal, the Scheme Manager shall forthwith appoint such other person as it shall consider qualified pursuant to clause 5.7.3 and who is not ineligible by reason of any of the matters referred to in clause 5.10 to act as Scheme Actuary or alternate Scheme Actuary. The relevant time periods under clause 2.5 shall restart on the day such new or alternate Scheme Actuary is appointed.
- 5.8.2 In the event of a vacancy in the office of Scheme Actuary, the Scheme Manager shall, and the Scheme Company shall if the Scheme Manager does not within 28 days, appoint as a replacement Scheme Actuary a person who is qualified so to act pursuant to clause 5.7.3 and not ineligible by reason of any of the matters referred to in clause 5.10.
- 5.8.3 In the event of the appointment of a Scheme Actuary under this clause 5.8, the Scheme Manager shall place a notice on the Website to inform Scheme Creditors of the new appointment as soon as reasonably practicable.

5.9 **Conflicts of interest affecting the Scheme Actuary**

- 5.9.1 The Scheme Actuary shall not act in relation to any matter in respect of which he has a material conflict of interest. If the Scheme Actuary becomes aware of a material conflict of interest in respect of any matter referred to him for determination or other good reason why it may be inappropriate for him to act as such, he shall immediately notify the Scheme Manager and the Scheme Creditor concerned of the conflict or reason and that he is unable to act in relation to such matter.
- 5.9.2 The Scheme Actuary's powers shall thereupon cease in connection with that matter and the Scheme Manager shall appoint such other person as it shall consider qualified pursuant to clause 5.7, and not subject to a conflict of interest or otherwise ineligible by reason of any of the matters referred to in clause 5.10 to act as an alternate Scheme Actuary for the purpose only of dealing with the Scheme Claim or Scheme Claims which is or are the subject

of the conflict. The relevant time periods in clause 2.5 shall restart on the date such alternate Scheme Actuary is appointed.

- 5.9.3 For the avoidance of doubt, during the appointment of an alternate pursuant to clause 5.9.2, the Scheme Actuary shall, subject to clause 5.10, continue to act on all other matters unless a conflict of interest shall arise in respect of any of those matters, in which case clauses 5.9.1 and 5.9.2 shall apply.

5.10 **Vacation of office by Scheme Actuary and Scheme Adviser**

The office of Scheme Actuary or Scheme Adviser shall be vacated if an Appointee to that office shall:

- 5.10.1 in the case of an individual, die or become bankrupt or in the case of an individual or organisation become insolvent within the meaning of the Insolvency Act or enter into any composition or arrangement with his or its creditors as the case may be within the meaning of the Insolvency Act;
- 5.10.2 in the case of an individual be convicted of an indictable offence by a court having jurisdiction in England and Wales in matters concerning indictable offences or be convicted of an offence by a court in any other jurisdiction which would be an indictable offence if committed in England;
- 5.10.3 in the case of the Scheme Actuary only, resign his or its office by giving two months' written notice to the Scheme Manager, or such period of notice as may be agreed by the Scheme Manager;
- 5.10.4 in the case of a Scheme Adviser only, resign his or its office by giving 14 days' written notice to the Scheme Company in the event that the Scheme Adviser has concluded that the Scheme is not being operated in accordance with its terms, and, in any other case, by giving two months' written notice to the Scheme Company or such period of notice as may be agreed by the Scheme Company;
- 5.10.5 in the case of an individual, be disqualified from acting as a director of a company under the Company Directors Disqualification Act;
- 5.10.6 in the case of an individual, be disqualified from acting as a professional member of a recognised body, society or association of professionals;

- 5.10.7 in the case of an individual, be admitted to any hospital because of mental disorder, or be the subject of an order concerning his mental disorder made by a court having jurisdiction, whether in England or elsewhere;
- 5.10.8 in the case of an individual, become an Employee of the Scheme Company or of the Scheme Manager or (excluding for this purpose the role of the person being considered) of any of a Scheme Actuary, Scheme Adjudicator, Scheme Adviser or Actuarial Adjudicator;
- 5.10.9 in the case of the Scheme Actuary only, be removed from office pursuant to clause 5.8.1; and
- 5.10.10 in the case of the Scheme Actuary only, cease to be a Fellow of an actuarial body which is affiliated to the International Actuarial Association.

5.11 Validation of acts of the Scheme Manager and the Scheme Actuary

- 5.11.1 Subject to any applicable provision of the Act, and so far as the law permits, no Scheme Creditor shall be entitled to challenge the validity of any act done or omitted to be done in good faith and with due care by the Scheme Manager or the Scheme Actuary in pursuance of their functions or duties under the Scheme or the exercise or non-exercise by them or either of them in good faith of any power or discretion conferred upon them for the purposes of the Scheme unless expressly permitted to do so by the Scheme. Neither the Scheme Manager nor the Scheme Actuary shall be liable for any loss whatsoever and howsoever arising out of any such act or omission, or exercise or non-exercise of any power or discretion, unless such loss is attributable to their own negligence, breach of duty or trust, fraud or dishonesty. For the avoidance of doubt, these provisions shall apply to alternate and substitute Scheme Actuaries as well as to the Scheme Company if and to the extent it fulfils the role of Scheme Manager.
- 5.11.2 Notwithstanding a subsequent discovery that the Scheme Manager or the Scheme Actuary was not eligible for its or his role pursuant to the provisions of the Scheme, all acts done by them or any of them prior to such discovery shall be valid as if every such person was so eligible.

5.12 **Responsibility of the Scheme Company and its directors**

Save in relation to Sovereign to which clause 15.1 applies, and subject to any applicable provisions of the Act and so far as the law permits, no Scheme Creditor shall be entitled to challenge the validity of any act done or omitted to be done in good faith and with due care by the Scheme Company or any of its directors in accordance with, or to implement, the provisions of the Scheme or in the performance or exercise or non-exercise of any power, right, duty or function conferred upon it or him under the Scheme and/or by law and no such person shall be liable for such loss unless such loss is attributable to his negligence, wilful default, wilful breach of duty or trust, fraud or dishonesty.

6. ACTUARIAL AND ADJUDICATION PROCEDURES

6.1 The Actuarial Adjudicator

6.1.1 There shall be one Actuarial Adjudicator, who shall have the powers, rights, duties and functions conferred upon him by the Scheme. In exercising his powers and carrying out his duties and functions under the Scheme, the Actuarial Adjudicator shall act in good faith and with due care and shall exercise his powers under the Scheme for the purpose of ensuring that the Scheme is operated in accordance with its terms.

6.1.2 Unless the context otherwise requires, references in the Scheme to the Actuarial Adjudicator shall be construed as referring to the Actuarial Adjudicator or any alternate or additional Actuarial Adjudicator who is carrying out or is appointed to carry out the functions of the Actuarial Adjudicator in relation to any particular matter.

6.1.3 The Actuarial Adjudicator shall:

6.1.3.1 be an individual who is a Fellow of an actuarial body which is affiliated to the International Actuarial Association;

6.1.3.2 have experience of non-marine, marine, aviation and casualty actuarial work; and

6.1.3.3 be a different person from, and not in the same firm or organisation as, the Scheme Actuary.

6.1.4 The first Actuarial Adjudicator shall be Peter Matthews of EMB Consultancy LLP, Saddlers Court, 64-74 East Street, Epsom, Surrey KT17 1HB, United Kingdom, who has given to the Scheme Company, and not withdrawn, his consent to act as Actuarial Adjudicator from the Effective Date and has contracted to be bound by the terms of the Scheme to the extent that the same apply to the Actuarial Adjudicator.

6.2 Replacement of the Actuarial Adjudicator

In the event of a vacancy in the office of Actuarial Adjudicator, the Scheme Manager shall, and the Scheme Company shall if the Scheme Manager does not within 28 days,

appoint as a replacement Actuarial Adjudicator a person who is qualified so to act pursuant to clause 6.1.3 and not ineligible by reason of any of the matters referred to in clause 6.7. The relevant time periods in clause 6.4 shall restart on the date such replacement Actuarial Adjudicator is appointed.

6.3 **The Scheme Adjudicator**

6.3.1 The Scheme Adjudicator shall, in relation to each Adjudication:

6.3.1.1 subject to clause 6.3.2, be an individual agreed between the Scheme Manager and the relevant Scheme Creditor in relation to such Adjudication;

6.3.1.2 not be an individual who has been employed by or has provided services to the Scheme Company or the relevant Scheme Creditor within the last two years prior to the Effective Date; and

6.3.1.3 not be ineligible by reason of any of the matters referred to in clause 6.7 to act as Scheme Adjudicator.

6.3.2 In the event that the Scheme Manager and relevant Scheme Creditor are unable to agree on a mutually acceptable Scheme Adjudicator pursuant to clause 6.3.1 after trying to reach agreement for seven days of a matter being referred to Adjudication, the Scheme Manager shall request the Chairman of ARIAS UK to appoint a Scheme Adjudicator in accordance with the requirements set out in clauses 6.3.1.1 and 6.3.1.2, and to assist in their so doing shall furnish them with a brief written statement setting out the issues which will be involved in the Adjudication. Should the Chairman of ARIAS UK for any reason be unavailable or unable to make the appointment, the Scheme Manager shall request such other independent person as it shall in its reasonable opinion consider appropriate to make the appointment.

6.3.3 In the event that the Scheme Actuary or the Actuarial Adjudicator wishes to refer an issue to a Scheme Adjudicator pursuant to clause 6.4.4, they shall make such request to the Scheme Manager who shall appoint a Scheme Adjudicator by agreement with the relevant Scheme Creditor in accordance with clause 6.3.1 or, failing that, will arrange for a Scheme Adjudicator to be appointed in accordance with clause 6.3.2.

6.3.4 In exercising his powers and carrying out his duties and functions under the Scheme, a Scheme Adjudicator shall act in good faith, and with due care and diligence, and shall exercise his powers under the Scheme for the purpose of ensuring that the Scheme is operated in accordance with its terms.

6.3.5 In the event of a vacancy in the office of Scheme Adjudicator during an Adjudication being conducted by him, the Scheme Manager shall, and the Scheme Company shall if the Scheme Manager does not, within 28 days, appoint a replacement Scheme Adjudicator in accordance with clauses 6.3.1 and 6.3.2. The relevant time periods in clause 6.4 shall restart on the date that such replacement Scheme Adjudicator is appointed.

6.4 **Rules governing valuation by the Scheme Actuary and adjudication by the Actuarial Adjudicator and Scheme Adjudicator**

6.4.1 In this clause 6.4 reference to "adjudication" shall include Adjudication and Actuarial Adjudication.

6.4.2 Unless the Scheme Actuary, Scheme Adjudicator or, as the case may be, Actuarial Adjudicator shall agree otherwise:

6.4.2.1 work by the Scheme Actuary and adjudication shall be conducted entirely in English;

6.4.2.2 all oral representations or written communications made for the purposes of the work of the Scheme Actuary, or adjudication under the Scheme, shall be in English;

6.4.2.3 each party to a matter being decided by the Scheme Actuary or an adjudication shall be entitled to make written submissions in respect of it, and the Scheme Actuary shall be entitled to make written submissions in respect of a matter referred to the Actuarial Adjudicator, provided that these are received by the Scheme Actuary, Scheme Adjudicator or Actuarial Adjudicator, as the case may be, within 35 days of the matter being referred to them;

6.4.2.4 every document to be provided for the purposes of a matter being decided by the Scheme Actuary or adjudication under the Scheme

shall be in English or accompanied by an English translation of it certified as accurate by a notary public admitted to the roll of notaries by the United Kingdom Faculty Office or such other person as is acceptable to the Scheme Manager;

6.4.2.5 all documents referred to in clauses 6.4.2.2 to 6.4.2.4 inclusive and clause 6.4.3.3 shall as far as reasonably practicable be made available to each of the parties to an adjudication simultaneously.

6.4.2.6 if there is any conflict in meaning or interpretation between the English language version of any such document or written communication and any other version, then the English language version shall prevail; and

6.4.2.7 for the avoidance of doubt, a Scheme Creditor shall be solely responsible for all and any translation, interpretation and other costs incurred by him pursuant to the application of clauses 6.4.2.1 to 6.4.2.4.

6.4.3 In considering and making decisions in respect of matters referred to him the Scheme Actuary, a Scheme Adjudicator or the Actuarial Adjudicator shall:

6.4.3.1 act as an expert, not as an arbitrator;

6.4.3.2 be entitled to lay down such reasonable provisions and prescribe such reasonable procedures as he, in his absolute discretion, may consider appropriate for the purposes of assisting him in reaching his decision;

6.4.3.3 be entitled to require the Scheme Manager and/or the Scheme Company and/or the relevant Scheme Creditor and, in the case of a requirement by the Actuarial Adjudicator, the Scheme Actuary, to provide him, within 35 days of his request, with such further information and supporting evidence as he may reasonably require at the expense of the party to whom the request is made. In the case of a decision to be made by the Scheme Actuary, he shall also be entitled to make such a requirement of a Scheme Adjudicator where that Scheme Adjudicator has made a decision in relation to the

matter in question. The provisions of clause 2.3.5 shall apply to such further information and supporting evidence provided by a Scheme Creditor, and in the case of information and supporting evidence provided by the Scheme Manager or a Scheme Adjudicator and/or the Scheme Company, he or it shall be deemed to have warranted to the relevant Scheme Creditor that such information and supporting evidence is, to the best of his or its knowledge and belief, correct and reasonable and this warranty shall be a continuing one. Any further supporting evidence received pursuant to this clause 6.4.3 shall not result in the amendment of any amount determined pursuant to clause 2.4, 2.5 or previously determined pursuant to this clause 6.4 and nothing in this clause shall give rise to a Scheme Claim being asserted which had not been notified to the Scheme Manager by the Bar Date;

6.4.3.4 base his determination on the information and supporting evidence available to him, provided that if supporting evidence requested pursuant to clause 6.4.3.3 is not received by him within 35 days of his request, he may make his determination without reference to that information and supporting evidence and on the basis that it cannot be provided;

6.4.3.5 subject to clause 6.4.5, be entitled to consult with such advisers, including legal experts and other advisers, as he may deem appropriate; and

6.4.3.6 be entitled to use his general knowledge and experience of the insurance market.

6.4.4 The Scheme Actuary and the Actuarial Adjudicator shall each be entitled to ask for issues of fact and law arising out of the Claim Form, or any further information, supporting evidence or submissions, which fall to be taken into account by them in performing their functions under the Scheme, to be resolved by the Scheme Manager with the Scheme Creditor concerned or, failing that, to be referred to a Scheme Adjudicator for Adjudication in accordance with clause 6.3.3. In the event that such a request is made, the time period stipulated by the Scheme for the Scheme Actuary or the Actuarial

Adjudicator to make their decision in respect of any matter affected by the issues concerned shall be extended by the time taken by such Adjudication.

6.4.5 A Scheme Adjudicator shall not determine any issue falling within the Estimation Methodology or requiring actuarial input but shall refer any such issue to the Scheme Actuary, who shall thereupon apply the Estimation Methodology to it in accordance with this clause 6.4, in which case the time period stipulated by the Scheme for the Adjudication of the matters concerned shall be increased by time elapsed before the Scheme Actuary (and, if applicable, the Actuarial Adjudicator) resolves such issue.

6.4.6 Subject as hereinafter provided, in relation to any matter referred to Adjudication, including, for the avoidance of doubt, any matter referred pursuant to clause 6.4.4, a Scheme Adjudicator shall within 70 days after the latest of:

6.4.6.1 the provision of information or further evidence to him pursuant to clause 6.4.3.3 within the time limit referred to therein;

6.4.6.2 the expiry of the 35-day period referred to in clause 6.4.3.4; and

6.4.6.3 the expiry of the 35-day period referred to in clause 6.4.2.3;

notify the Scheme Manager and the Scheme Creditor in writing of his determination in respect of the relevant disputed matter referred to him, provided that such notification must be made within a maximum of 140 days of the matter being referred to the Scheme Adjudicator.

6.4.7 Subject as hereinafter provided, in relation to any matter referred to him, including, for the avoidance of doubt, any matter referred pursuant to clause 6.4.5, the Scheme Actuary shall within 70 days after the latest of:

6.4.7.1 the provision of information or further evidence to him pursuant to clause 6.4.3.3 or the last such period, if more than one request for supporting evidence has been made within the time limit referred to therein;

6.4.7.2 the expiry of the 35-day period referred to in clause 6.4.3.4; and

6.4.7.3 the expiry of the 35-day period referred to in clause 6.4.2.3;

apply the Estimation Methodology having regard to his knowledge of the insurance market and the information and submissions which he has at the end of the periods referred to above and notify the Scheme Manager and the relevant Scheme Creditor in writing of his valuation in respect of the disputed element of the Scheme Claim referred to him, provided that such notification must be made within a maximum of 140 days of the matter being referred to the Scheme Actuary.

6.4.8 Subject as hereinafter provided, the Actuarial Adjudicator shall within 42 days after the latest of:

6.4.8.1 the provision of further evidence to him pursuant to clause 6.4.3.3 within the time limit referred to therein;

6.4.8.2 the expiry of the 35-day period referred to in clause 6.4.3.4; and

6.4.8.3 the expiry of the 35-day period referred to in clause 6.4.2.3;

determine whether the Estimation Methodology was properly applied by the Scheme Actuary in preparing the disputed valuation and, if he considers that it was not properly applied, amend the valuation to the amount which would derive from a proper application thereof, and shall notify the Scheme Manager and relevant Scheme Creditor in writing of his determination in respect of the valuation referred to him provided that such notification must be made within a maximum of 90 days of the matter being referred to the Actuarial Adjudicator. If he decides that the Estimation Methodology was properly applied, he shall notify the Scheme Manager and the relevant Scheme Creditor in writing of his decision in respect of such valuation provided that such notification must be made within a maximum of 90 days of the matter being referred to the Actuarial Adjudicator. The Actuarial Adjudicator shall not be entitled to alter any decision by the Scheme Actuary to refer matters to a Scheme Adjudicator pursuant to clause 6.4.4.

6.4.9 So far as the law permits, a Scheme Adjudicator's and the Actuarial Adjudicator's determination in respect of the matter referred to him shall, in the absence of Manifest Error, be final and binding on the Scheme Company and

the relevant Scheme Creditor and subject to the provisions of clause 6.6 there shall be no right of appeal or review therefrom or to make any claim in respect thereof. The Scheme Company and the relevant Scheme Creditor shall each bear their own costs of and incidental to the Adjudication or Actuarial Adjudication as the case may be.

6.4.10 So far as the law permits, the Scheme Actuary's valuation shall become final and binding on the Scheme Company and the Scheme Creditor within 28 days of its despatch by the Scheme Actuary, provided that the Scheme Creditor raises no objection to the valuation within that period in accordance with clause 2.5.4.

6.4.11 The Scheme Actuary's, a Scheme Adjudicator's or the Actuarial Adjudicator's determination in relation to a disputed Scheme Claim shall not result in its value being greater than the amount asserted by a Scheme Creditor in respect of it in his Claim Form received or deemed to have been received by the Scheme Manager in accordance with clause 2.3 and shall not result in the recognition of any Scheme Claim not included on such Claim Form.

6.5 Remuneration of a Scheme Adjudicator and the Actuarial Adjudicator

A Scheme Adjudicator's and the Actuarial Adjudicator's remuneration costs and expenses shall be determined in accordance with Appendix C. In the event that he considers that the Scheme Creditor has acted in bad faith, vexatiously, wantonly or for oppressive reasons in respect of a matter subject to adjudication, a Scheme Adjudicator and the Actuarial Adjudicator, as the case may be shall be entitled to direct (at the same time as he communicates his decision on the subject of the adjudication) that some or all of the remuneration and costs and expenses properly incurred by him, including the fees and expenses of any adviser or expert consulted pursuant to clause 6.4.3.5, be payable by the relevant Scheme Creditor. In all other cases the Scheme Company (or, if more than one Scheme Company shall be party to the same dispute, such Scheme Companies together in such shares as are determined by the Scheme Manager) shall be responsible for such costs, remuneration and expenses. Any sum directed to be paid by the relevant Scheme Creditor or Scheme Company or Scheme Companies, as the case may be, shall be paid forthwith, and in any event no later than 28 days from the date of such direction.

6.6 Conflicts of interest affecting a Scheme Adjudicator or the Actuarial Adjudicator

- 6.6.1 A Scheme Adjudicator and the Actuarial Adjudicator shall not act in relation to any matter in respect of which they have a material conflict of interest. If the Actuarial Adjudicator or Scheme Adjudicator becomes aware of a material conflict of interest in respect of any matter referred to him for determination or other good reason why it may be inappropriate for him to act as such, he shall immediately notify the Scheme Manager and the Scheme Creditor concerned of the conflict or objection and its nature and that he is therefore unable to act in relation to such matter.
- 6.6.2 A Scheme Adjudicator's or the Actuarial Adjudicator's powers shall thereupon cease in connection with that matter and the Scheme Manager shall in the case of the Scheme Adjudicator, appoint an alternate Scheme Adjudicator in accordance with clause 6.3 or, in the case of the Actuarial Adjudicator, appoint such other person as it shall consider qualified pursuant to clause 6.1.3, and not subject to a conflict of interest or otherwise ineligible by reason of any of the matters referred to in this clause 6.6 or clause 6.7 to act as an alternate Actuarial Adjudicator; for the purpose only of dealing with the disputed matters which are the subject of the conflict of interest. The relevant time periods in clause 6.4 shall restart on the date such alternate Scheme Adjudicator or Actuarial Adjudicator is appointed.
- 6.6.3 For the avoidance of doubt, during the appointment of an alternate pursuant to clause 6.6.2, a Scheme Adjudicator or the Actuarial Adjudicator as the case may be shall, subject to clause 6.7, continue to act on all other matters unless a conflict of interest shall arise in respect of any of those matters, in which case clauses 6.6.1 and 6.6.2 shall apply in relation to any such conflict of interest.

6.7 Vacation of office by a Scheme Adjudicator and the Actuarial Adjudicator

The office of a Scheme Adjudicator or the Actuarial Adjudicator shall be vacated if a holder of the office shall:

- 6.7.1 die or become bankrupt or insolvent within the meaning of the Insolvency Act or enter into any composition or arrangement with his creditors within the meaning of the Insolvency Act;

- 6.7.2 be convicted of an indictable offence by a court having jurisdiction in England and Wales in matters concerning indictable offences or be convicted of an offence by a court in any other jurisdiction which would be an indictable offence if committed in England;
- 6.7.3 resign his office, as the case may be, by giving two months' written notice to the Scheme Manager or such shorter period of notice as may be agreed by the Scheme Manager;
- 6.7.4 be disqualified from acting as a director of a company under the Company Directors Disqualification Act;
- 6.7.5 be disqualified from acting as a professional member of a recognised body, society or association of professionals;
- 6.7.6 be admitted to any hospital because of mental disorder, or be the subject of an order concerning his mental disorder made by a court having jurisdiction, whether in England or elsewhere;
- 6.7.7 become an Employee of the Scheme Company or of the Scheme Manager or (excluding for this purpose the role of the person being considered) of any of a Scheme Actuary, Scheme Adjudicator, Scheme Adviser or Actuarial Adjudicator;
- 6.7.8 in the case of the Actuarial Adjudicator only, cease to be a Fellow of an actuarial body which is affiliated to the International Actuarial Association; or
- 6.7.9 in the view of the Scheme Manager, materially fail to comply with any term of the Scheme.

6.8 Validation of acts of ARIAS UK, the Chairman of ARIAS UK, a Scheme Adjudicator and the Actuarial Adjudicator

- 6.8.1 Subject to any applicable provision of the Act and so far as the law permits, no Scheme Creditor shall be entitled to challenge the validity of any act done or omitted to be done in good faith and with due care by ARIAS UK, the Chairman of ARIAS UK, the Actuarial Adjudicator or a Scheme Adjudicator or any of them in pursuance of their functions or duties under the Scheme or the exercise or non-exercise by them or any of them in good faith of any power

or discretion conferred upon them for the purposes of the Scheme unless expressly permitted to do so by the Scheme. Neither ARIAS UK, the Chairman of ARIAS UK, the Actuarial Adjudicator nor a Scheme Adjudicator shall be liable for any loss whatsoever and howsoever arising out of any such act or omission, or exercise or non-exercise of any power or discretion, unless such loss is attributable to their own negligence, breach of duty or trust, fraud or dishonesty.

- 6.8.2 Notwithstanding a subsequent discovery that a Scheme Adjudicator or the Actuarial Adjudicator was not eligible for his role pursuant to the provisions of the Scheme, all acts done by them or any of them prior to such discovery shall be valid as if every such person was so eligible.
- 6.8.3 For the avoidance of doubt, the provisions of clauses 6.8.1 and 6.8.2 shall apply to alternate and replacement Actuarial Adjudicators and Scheme Adjudicators.

7. **THE SCHEME COMPANY**

7.1 **General powers and obligations**

For the purposes of implementing the Scheme, the Scheme Company shall have the powers and obligations conferred upon it by the Scheme. In exercising its powers and fulfilling its obligations under the Scheme, the Scheme Company shall act in good faith and with due care.

8. GENERAL PROVISIONS

8.1 Effective Date

The Scheme shall come into operation on the Effective Date.

8.2 Notice of impending completion

This clause 8.2 and clauses 8.3 and 8.4 shall not apply to Sovereign, to which clause 16 shall instead apply.

8.2.1 When it believes that the Scheme has been implemented in accordance with its terms and that the provisions of clauses 2 and 3 have been complied with, the Scheme Manager shall give at least 56 days' written notice to all Scheme Creditors which were entitled to receive a Valuation Statement pursuant to clause 2.7.1, informing them of the date on which it is proposed that the Scheme will be declared complete.

8.2.2 Any Scheme Creditor to which a notice pursuant to clause 8.2.1 has been sent, and which believes that, in relation to its Scheme Claims, the Scheme has not been implemented in accordance with its terms, may give notice in writing to that effect to the Scheme Adviser and the Scheme Manager. Where such a notice is received by the Scheme Adviser prior to the proposed Completion Date referred to in clause 8.2.1 it shall investigate the matter in accordance with clause 5.4 and, pending the completion of such investigation, the Scheme shall not be treated as completed for, and the terms of clauses 8.2.3 and 8.3 shall not apply to, that Scheme Creditor.

8.2.3 In respect of all other Scheme Creditors, the Scheme Manager shall, on the date proposed in the notice sent pursuant to clause 8.2.1, issue a certificate of completion to the Scheme Company to certify that the Scheme has been implemented in accordance with its terms.

8.2.4 In relation to any Scheme Creditor which has sent a notice pursuant to clause 8.2.2 received by the Scheme Adviser prior to the proposed Completion Date:

8.2.4.1 in the event that the Scheme Adviser advises that the Scheme has been implemented in accordance with its terms, the Scheme Manager shall as soon as practicable issue a certificate in the form

referred to in clause 8.2.3 in relation to that Scheme Creditor, and the Scheme will thereupon be complete in relation to that Scheme Creditor and the provisions of clause 8.3 shall then apply to it;

8.2.4.2 in the event that the Scheme Adviser believes that the Scheme has not been implemented in accordance with its terms, it shall advise the Scheme Manager of its view. The Scheme Manager shall take such steps as may be appropriate in relation to the matter complained of. Following this the Scheme Manager shall give written notice to the Scheme Creditor concerned that it believes the Scheme has so far as possible been implemented in accordance with its terms in relation to that Scheme Creditor and the Scheme Manager shall as soon as practicable issue a certificate in the form referred to in clause 8.2.3 in relation to that Scheme Creditor, and the Scheme will thereupon be complete in relation to that Scheme Creditor and the provisions of clause 8.3 shall then apply to it.

8.3 Completion of the Scheme

8.3.1 Upon the issue of a written certificate pursuant to clause 8.2, then in relation to the Scheme Creditors to whom it relates the Scheme shall be complete and save in relation to any fraud or dishonesty, and so far as the law permits, all obligations and Liabilities of the Released Parties in connection with or pursuant to the Scheme shall cease and be released absolutely. Any such obligation which has not been fulfilled in accordance with the Scheme by the Completion Date shall nonetheless be deemed to have been correctly and fully performed, and no Scheme Creditor shall have any claim in respect of it or any loss arising from it.

8.3.2 Following the Completion Date, no Scheme Creditor shall be entitled to any claim on, recovery from, or interest in, any Security, guarantee or indemnity in respect of a Scheme Claim or otherwise to make any claim or receive payment in respect of a Scheme Claim.

8.3.3 The Scheme Manager shall display any certificate of completion on the Website from the date on which it was issued until the date 12 months after the issue of the last certificate of completion pursuant to clause 8.2.

8.3.4 Notwithstanding the provisions of clause 2.8.1.3:

8.3.4.1 Scheme Creditors shall, if so required by the Scheme Company, following the Completion Date execute a deed of release of the obligations of any guarantor of the Scheme Company's obligations to pay Scheme Claims, in a form reasonably satisfactory to the Scheme Company; and

8.3.4.2 each Scheme Creditor hereby authorises the Scheme Company to execute such a deed on its behalf in the event that the Scheme Company does not receive one within 21 days of requesting it pursuant to clause 8.3.4.1.

8.3.5 The benefit of the right to call for a deed of release under clause 8.3.4, and the benefit of the rights to enforce the provisions of clause 8.3.2, insofar as they relate to claims or recoveries from guarantors, shall be held on trust by the Scheme Company for each guarantor of its obligations to pay Scheme Claims. These rights shall be enforceable by the beneficiaries of such trust as well as the trustee. The beneficiary shall have sole and irrevocable power to replace the trustee.

8.4 **Insolvency Event**

Following an Insolvency Event:

8.4.1 the Scheme shall continue, so far as the law permits, save that the obligation to make payments under clause 3 shall be replaced by an obligation to make such payments as shall be permitted in the insolvency of the Scheme Company; and

8.4.2 Scheme Creditors shall, insofar as the law permits, be bound by the calculation of their Net Ascertained Claim or Net Debt as the case may be.

8.5 **Modification of the Scheme**

Except in relation to Sovereign, to which clause 17 applies instead, the Scheme Company may, at any hearing by the Court to sanction the Scheme, consent on behalf of the Scheme Creditors to any modification of or addition to the Scheme or any terms or conditions which the Court may think fit to approve or impose, and which in its reasonable opinion

would not directly or indirectly have a materially adverse effect on the interests of any Scheme Creditor under the Scheme.

8.6 **Communications**

8.6.1 Notwithstanding anything to the contrary in the Scheme, any information, forms, documents, notices or other written communications required to be or capable of being given or sent to the Scheme Manager, the Scheme Company, the Scheme Administrators, the Scheme Advisers, a Scheme Adjudicator, the Scheme Actuary, the Actuarial Adjudicator or the FSCS (as the case may be) under or in relation to the Scheme, including without limitation any Claim Form, shall be given in writing, in a form that is legible (and may be disregarded if not legible) and, if applicable, in the Prescribed Format, and may be given or sent in electronic form to the relevant E-mail address provided on page iii, or to such other electronic address as may be notified for the purposes of this clause 8.6.1, or may be given either by delivering the same by hand (including by courier) or by Post to the relevant address or fax number provided on page iii or to such other address or fax number as may be notified to Scheme Creditors from time to time for the purposes of this clause 8.6.1.

8.6.2 Notwithstanding anything to the contrary in the Scheme, any information, forms, documents, notices or other written communications referred to in clause 8.6.1 to be given or sent by the Scheme Manager, the Scheme Company, the Scheme Administrators, the Scheme Advisers, a Scheme Adjudicator, the Scheme Actuary, the Actuarial Adjudicator or the FSCS (as the case may be) may be given either by delivering the same by hand (including by courier) or by Post to the relevant address or by fax to the fax number provided on page iii or to such other address or fax number as may be notified to Scheme Creditors from time to time for the purposes of this clause 8.6.2 and, in the case of a Scheme Creditor, to its last known address or fax number of which the Scheme Manager or the Scheme Company is aware or to such address or fax number as may be notified to the Scheme Manager for the purposes of this clause 8.6.2, or may be sent in electronic form to any E-mail address previously notified, or used, by the intended recipient (the use of which all Scheme Creditors hereby consent to) or to such other electronic address as may be notified for the purpose of this clause 8.6.2.

- 8.6.3 Save in relation to Claim Forms, notices of disputes by Scheme Creditors and information, supporting evidence and other material to be provided by a Scheme Creditor in connection with a Scheme Claim, where the actual date of receipt shall apply, any notice or other written communication to be given under the Scheme shall (except as herein otherwise provided) be deemed to have been received:
- 8.6.3.1 if delivered by hand or by courier pursuant to clause 8.6.2, on the first Business Day following delivery;
 - 8.6.3.2 if given or sent by Post pursuant to clause 8.6.2, on the second Business Day after posting if the recipient is in the country of despatch and otherwise on the seventh Business Day after posting;
 - 8.6.3.3 if given or sent by fax pursuant to clause 8.6.2, upon receipt of a clear fax transmission report; and
 - 8.6.3.4 if given or sent in electronic form pursuant to clause 8.6.1, on the first Business Day following the expiration of 48 hours after the time it was sent by the sender provided that the same shall have been sent to the relevant address referred to in clause 8.6.1. In relation to electronic communications, "address" includes any number or address used for the purposes of such communications.
- 8.6.4 It shall be sufficient proof of delivery in the case of a notice or other written communication of the type referred to in clause 8.6.2 sent by Post that the accompanying envelope was properly stamped, addressed and given to the recognised courier service or otherwise properly placed in the care of the relevant postal service for delivery.
- 8.6.5 It shall be sufficient proof of delivery in the case of a notice or other written communication of the type referred to in clause 8.6.1 contained in electronic form that the notice or other communication was given or sent in accordance with clause 8.6.3.4.

8.7 **Co-operation between Scheme Creditors, Scheme Manager, Scheme Companies and Scheme Administrators**

The Scheme Creditors, Scheme Manager, Scheme Company and, in the case of Sovereign, the Scheme Administrators shall co-operate with each other and provide such assistance and information as any of them may reasonably require in connection with the Scheme and the enforcement of obligations owed to the Scheme Company pursuant to the Scheme including, but not limited to, the provision of information and documents in connection with Scheme Claims and the operation of the Scheme. Each Scheme Creditor is deemed to acknowledge that its obligations under the Scheme shall continue in the event that it becomes a Net Debtor.

8.8 **Extension of time limits**

8.8.1 Except in relation to the Bar Date, the Scheme Manager may at any time prior to the Completion Date in its sole discretion extend any of the periods of time prior to the deadlines referred to in the Scheme as they relate to a specific Scheme Claim or Scheme Creditor or generally by such amount of time as it sees fit in its sole discretion, provided that no such period of time shall be extended by more than its original maximum length except in the case of *force majeure* or if the relevant parties so agree in writing. In the event that the Scheme Manager exercises such discretion, references to any relevant period of time or deadline in the Scheme shall be construed accordingly.

8.8.2 If at any time before the Bar Date, there has in the reasonable opinion of the Scheme Manager been a substantive failure of the Website then it may (but shall not be obliged to) extend the Bar Date to such later date as it deems appropriate.

8.8.3 The Scheme Manager shall give notice to such Scheme Creditors, in respect of whom it holds current contact details and whom it reasonably believes may be affected thereby, of any extension of time or deadlines pursuant to clause 8.8.1 or 8.8.2. In the event of an extension of the Bar Date pursuant to clause 8.8.2, the Scheme Manager shall, if practicable within the duration of such an extension, also Advertise notice of the date of the extended Bar Date and shall as soon as reasonably possible post notice of the extension on the Website.

8.9 **Prohibited payments**

- 8.9.1 For the avoidance of doubt, where a Scheme Company or the FSCS (if applicable) is prevented by any law or regulation imposing international sanctions or prohibitions promulgated by the United States of America, the United Kingdom or any other jurisdiction to which the Scheme Company is subject or to which the FSCS is or may be subject, from making a payment to a Scheme Creditor or otherwise complying with any term of the Scheme, the requirements of such law or regulation shall override the terms of the Scheme and for the avoidance of doubt, compliance with such law or regulation will constitute full discharge of such Scheme Creditor's Scheme Claims or the FSCS's obligations (as the case may be) under the Scheme.
- 8.9.2 Any Blocked Monies shall be applied by the Scheme Company or the FSCS (as the case may be) in accordance with the requirements of such law or regulation or the instructions of the relevant authority. The Scheme Company or the FSCS (as the case may be) shall be under no obligation to make any application to the relevant authority for a waiver of such law or regulation in any particular case.
- 8.9.3 In the event that the applicable law or regulation does not contain provisions as to how to deal with Blocked Monies, the Scheme Company or the FSCS (as the case may be) shall, prior to the Completion Date, hold them in an account with a United Kingdom clearing bank until such time prior to the Completion Date as the Scheme Company or the FSCS (as the case may be) is instructed by the relevant authority as to how to deal with the Blocked Monies or it becomes legal to pay them to the relevant Scheme Creditor. Any interest earned on such account shall be applied at the discretion of the Scheme Company or the FSCS (as the case may be). In the event that no such instruction is received prior to the Completion Date, the Scheme Company or the FSCS (as the case may be) shall become entitled to take possession of the Blocked Monies immediately following the Completion Date and the relevant Scheme Creditor shall cease to have any entitlement to them. The Scheme Claim in respect of which such Blocked Monies would otherwise have been payable shall be deemed to be cancelled and the Scheme Creditor shall have no rights in respect of it.

8.10 **Governing law and jurisdiction**

8.10.1 The Scheme shall be governed by, and construed in accordance with, English law, and Scheme Creditors hereby agree that the Court shall have exclusive jurisdiction to hear and determine any Proceedings and to settle any dispute which may arise out of the Scheme Document or any associated document or form, including this clause 8.10, or out of any action taken or omitted to be taken under the Scheme or in connection with the administration of the Scheme, and, for such purposes, the Scheme Creditors irrevocably submit to the jurisdiction of the Court. For the avoidance of doubt, nothing in this clause 8.10.1 shall affect the validity of provisions determining law and jurisdiction as between the Scheme Company and any Scheme Creditor, contained in an Insurance Contract.

8.10.2 Notwithstanding the provisions of clause 8.10.1, the Scheme Company retains the right to bring Proceedings in the courts of any other country having jurisdiction under its own laws to hear such Proceedings.

8.11 **The Website**

Scheme Creditors shall be bound by, and shall be deemed to accept, the contents of the Legal Disclaimer on the Website relating to its contents and use.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

9. PROVISIONS RELATING TO SOVEREIGN

9.1 General

The provisions set out in this clause 9 and clauses 10 to 17 below apply only to Sovereign and, to the extent that any such provisions are inconsistent with other clauses of the Scheme, the provisions of clauses 9 to 17 shall prevail.

9.2 Amendment of the Original Sovereign Scheme

9.2.1 With effect from the Effective Date, and subject to clause 9.2.2 below, the Original Sovereign Scheme shall be amended so that it takes the form of the Scheme.

9.2.2 For the avoidance of doubt, the Original Sovereign Scheme shall, save as amended by the Scheme, continue in full force and effect. In particular, the provisions in the Original Sovereign Scheme relating to the Policyholders Protection Act and the involvement of the Policyholders Protection Board continue to apply as amended by and set out in this Scheme, and references in the Original Sovereign Scheme and its Appendices to the Policyholders Protection Board and officers of the Policyholders Protection Board shall be read and construed with effect from the Effective Date as if they referred to the FSCS and its equivalent officers.

9.3 Sovereign

9.3.1 The registered holders of the 30,000,000 issued shares in the capital of Sovereign are as follows:

Name of registered holder	Number of shares held
Willis Group Limited	29,999,999
WF&D and Willis Group Limited	1

9.3.2 With effect from the Original Sovereign Scheme Date, the shares in Sovereign were transferred to the Trustee pursuant to the terms of the Trust Deed. The Trustee holds such shares on trust for Willis Group Limited in accordance with its interests pursuant to the terms of the Trust Deed and subject to the provisions of the Scheme and the rights of the Scheme Creditors thereunder.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

9.4 Parties other than Sovereign and Scheme Creditors

- 9.4.1 Each of the Trustee (which carries on business as a nominee company), Willis Group Limited and WF&D has agreed with Sovereign to be bound by the Scheme and to execute or do, or procure to be executed or done, all such documents, acts or things as may be necessary or as the Court may consider desirable to be executed or done by it or on its behalf for the purpose of giving effect to the Scheme.
- 9.4.2 The first Scheme Administrators shall be Anthony James McMahon and John Mitchell Wardrop each of whom has given and has not withdrawn his consent to act as a Scheme Administrator from the Effective Date.
- 9.4.3 The members of the Creditors' Committee shall be as established pursuant to clause 14.
- 9.4.4 The directors of Sovereign are Darryl Marcus Ashbourne and James Richard Bolton.

9.5 The FSCS

The FSCS (as statutory successor to the Policyholders Protection Board) has consented to the amendment of the Original Sovereign Scheme and has agreed to continue to join in and be bound by the Scheme and to make payments in accordance with the Scheme (notwithstanding the occurrence of the Completion Date, Notification Date or an Insolvency Event) to Scheme Creditors who are Protected Policyholders.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

10. GENERAL PROVISIONS APPLICABLE TO SOVEREIGN

10.1 Set-off

This clause 10.1 shall apply to the preparation of Valuation Statements pursuant to clause 2.7 in respect of Sovereign.

10.1.1 No Liability of Sovereign to a Scheme Creditor which has been assigned or otherwise transferred (including but not limited to a transfer pursuant to a reorganisation or reconstruction of companies) to a person after the Original Sovereign Scheme Date or which has been so assigned or transferred prior to that date but after that person had notice of the Winding-Up Petition may be included on a Valuation Statement prepared pursuant to clause 2.7 so as to extinguish or reduce any Liability of that person to Sovereign and the relevant Net Ascertained Claim or Net Debt if any shall be calculated accordingly. Where necessary, one or more further Valuation Statements may be prepared in order to comply with this clause 10.1.1.

10.1.2 No Liability of a Scheme Creditor to Sovereign which arises out of an obligation incurred by such Scheme Creditor after the Original Sovereign Scheme Date may be included on a Valuation Statement prepared pursuant to clause 2.7 so as to extinguish or reduce any Scheme Claim which such Scheme Creditor has against Sovereign.

10.1.3 The rights of set-off or cross-claim permitted or provided for under the Scheme shall be the only rights of set-off or cross-claim permitted between Scheme Creditors and Sovereign. Any other rights of set-off or cross-claim are deemed to have been waived as at the Original Sovereign Scheme Date (provided that Sovereign shall not waive any Liability to Sovereign of a Scheme Creditor who is also a Protected Policyholder which would give rise to a right of set-off unless the FSCS has consented in writing).

10.1.4 Where, pursuant to the Original Sovereign Scheme, a Scheme Account was maintained in respect of a Protected Policyholder which has Scheme Claims which are not Protected Scheme Claims, a debt which is due to Sovereign from a Scheme Creditor and would have been eligible to be included in the Scheme Account shall be, so far as possible, set off against each of that Protected Policyholder's Scheme Claims in proportion to its gross value, after taking into

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

account the amount of any Security Interest which the Scheme Creditor is entitled to enforce in relation to it, provided that where an amount is available to be set off against a Scheme Claim which is a Protected Scheme Claim and it is not set off before any payment is made by the FSCS in respect of that Protected Scheme Claim, it shall not be set off after such payment (and accordingly the amount of that Protected Scheme Claim in respect of which rights are assigned to the FSCS pursuant to clause 12.3 or otherwise shall be the amount without deduction for such set-off).

10.2 Prohibition on carrying on of insurance business and other actions

10.2.1 Sovereign shall not:

10.2.1.1 underwrite any contracts of insurance or renew, replace or extend any existing Insurance Contracts, or vary the same, in a manner which would increase the total amount of any Liability of Sovereign to any person under such a contract;

10.2.1.2 carry on any other business except in connection with the carrying out of the Scheme and all other matters which are incidental thereto; or

10.2.1.3 without prejudice to clauses 10.2.2, 12.2.6, 13.3.3 and 16.2.7, create or cause or permit to be created any trust of or in relation to any of its assets (including, without limitation, any cash deposited or appropriated) or set aside any asset to meet a Liability of Sovereign (other than in accordance with clauses 10.2.2, 11.1, 11.2.3, 12.2.6, 13.3.3 and 16.2.7).

10.2.2 If the Scheme Administrators consider that to do so would be in the best interests of its Scheme Creditors generally, Sovereign may arrange for the issue or creation of new Security Interests or similar arrangements:

10.2.2.1 to replace existing Security Interests or similar arrangements; or

10.2.2.2 to secure Liabilities incurred after the Record Date; or

10.2.2.3 as expressly provided herein,

but not otherwise.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

10.2.3 Sovereign may renew or permit to be renewed any existing Security Interest.

10.3 Investment

Sovereign shall have power to invest all or any of its assets in such manner as the Scheme Administrators consider prudent from time to time, with full power from time to time to vary or transpose any such investments into others of any nature hereby authorised.

10.4 Scheme Costs

So long as the Scheme remains in force there shall be paid in full out of the assets of Sovereign in priority to payments falling to be made pursuant to clause 11:

10.4.1 all costs, charges, expenses and disbursements reasonably incurred by Sovereign in the course of carrying out the Scheme up to and including the Completion Date and complying with the provisions of the Act;

10.4.2 insofar as they do not fall within clause 10.4.1 and without prejudice to the provisions of clause 14.4.4, all costs, charges, expenses and disbursements reasonably incurred by, and the remuneration of, the Scheme Administrators to the extent that such costs, charges, expenses, disbursements and remuneration are referable to the affairs of Sovereign;

10.4.3 insofar as it does not fall within clause 10.4.1 or 10.4.2, any sum which Sovereign is obliged to pay by reason of the obligations imposed on it by the Scheme; and

10.4.4 any costs, charges, expenses and disbursements which are payable as Scheme Costs under clause 10.2.2 of the Original Sovereign Scheme to the extent that they have not been paid by the Effective Date.

10.5 Security Interests

10.5.1 Nothing in the Scheme shall affect the right of any person to take any appropriate action to enforce any Security Interest which could have been enforced if Sovereign were being wound up pursuant to the Winding-Up Petition and the order that Sovereign be wound up had been made on the Original Sovereign Scheme Date or which has been created after the Original Sovereign Scheme Date in accordance with the Original Sovereign Scheme or clause 10.2.2.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

10.5.2 Subject to clause 10.5.1, in the event that a person has drawn on a Security Interest before, on or after the Original Sovereign Scheme Date, and any part of the amount drawn is an Unreconciled Drawing, without prejudice to any other rights which Sovereign may have, including without limitation the right to demand repayment of the Unreconciled Drawing, such Scheme Creditor as made the Unreconciled Drawing, or on behalf of whom the Unreconciled Drawing was actually or ostensibly made, shall be deemed to have received a payment under the Scheme equal in value to the Unreconciled Drawing plus interest from the date of the Unreconciled Drawing, and the extent, if any, to which such Scheme Creditor is entitled to any payment under the Scheme shall be reduced accordingly, subject to the following:

10.5.2.1 in the event that, as a result of receiving the information referred to in clause 10.5.3 or otherwise, the Scheme Administrators are able to reconcile or match an Unreconciled Drawing against Scheme Claims to which that Unreconciled Drawing was legitimately applied, all or part, as applicable, of any payments deemed to have been made pursuant to this clause 10.5.2 shall be disregarded, except to the extent that interest is due on all or part of the Unreconciled Drawing because the Scheme Claims or other claims to which they have been applied were not due for payment at the time that the Unreconciled Drawing was made;

10.5.2.2 in the event that a judgment is obtained in favour of Sovereign in proceedings brought in relation to an Unreconciled Drawing, the amount of any payments deemed to have been made pursuant to clause 10.5.2 shall be reduced to the extent that any pecuniary award or other order made by a tribunal or court of competent jurisdiction in relation to the Unreconciled Drawing, interest or costs is satisfied by the Scheme Creditor.

10.5.3 Without prejudice to its obligations to provide the Scheme Administrators with such information as they may from time to time request in relation to a Scheme Claim, a Scheme Creditor to whom clause 10.5.2 applies shall provide the Scheme Administrators with such information as they shall request to enable them to reconcile or match amounts drawn on Security Interests (including, but not limited to, copies of trust agreements (and their schedules) governing the

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

use of such Security Interests against which an Unreconciled Drawing has been made) together with a full account of the Scheme Claims or other claims against which that Unreconciled Drawing has been applied.

- 10.5.4 Nothing in the Scheme shall affect the rights of Sovereign against any person in respect of any wrongful drawdown or enforcement of any Security Interest created in respect of Sovereign.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

11. PAYMENTS TO SOVEREIGN'S SCHEME CREDITORS

11.1 Application of assets of Sovereign

On and from the Effective Date the assets of Sovereign shall be applied for the benefit of Scheme Creditors in accordance with the provisions of the Scheme so as to ensure, so far as is possible, that the payments made to Scheme Creditors, including amounts paid pursuant to the Original Sovereign Scheme or treated as having been paid under the Original Sovereign Scheme, are in the same proportion as their respective Net Ascertained Claims, which for these purposes shall include the FSCS Amount determined in accordance with clause 12.9.

11.2 Payment Percentage

11.2.1 Subject as hereinafter provided in this clause 11, on and from the Effective Date the Payment Percentage shall be forty per cent (40%) and the Scheme Administrators shall from time to time revise the Payment Percentage by setting a new Payment Percentage of a greater or lesser amount in accordance with the Scheme.

11.2.2 As soon as practicable after each Review Date, the Scheme Administrators shall review the Payment Percentage and consider, in the light of clauses 11.2.3 and 11.2.4, whether it should be revised.

11.2.3 The Scheme Administrators shall not revise the Payment Percentage in accordance with clause 11.2.2 unless they consider, on the basis of the information and advice referred to in clause 11.2.6, that after:

11.2.3.1 Sovereign has (by reference to the revised Payment Percentage) complied with the provisions of clause 11.3.1 in relation to all Net Ascertained Claims established as at the Review Date concerned; and

11.2.3.2 subject to clause 11.2.4, such reserves have been created by Sovereign as they consider to be prudent to enable Sovereign to meet its Liabilities for Scheme Costs as and when they fall due and such funds as they consider necessary are available for the purposes of clause 16.2.7;

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

Sovereign will at all times have sufficient Cash Assets to comply with the provisions of clause 11.3.1 (by reference to the revised Payment Percentage) in relation to all Net Ascertained Claims which the Scheme Administrators consider will become final and binding after the Review Date concerned.

11.2.4 In considering whether sufficient reserves have been created in accordance with clause 11.2.3.2, the Scheme Administrators shall be entitled to take into account:

11.2.4.1 all assets of Sovereign including, without limitation, its rights against reinsurers and retrocessionaires whether actual, prospective or contingent (and the prospects of successfully enforcing such rights); and

11.2.4.2 the prospect of future income, including income derived from Cash Assets retained in accordance with clause 11.2.3 and any other cash deposits which may from time to time be subject to any Security Interest or similar arrangement (provided the income is not subject to any Security Interest or similar arrangement).

11.2.5 If, on reviewing the current Payment Percentage pursuant to clause 11.2.2, the Scheme Administrators shall consider that the current Payment Percentage could not be set in compliance with the provisions of clause 11.2.3, they shall reduce such Payment Percentage to such level as they consider appropriate, but provided that the provisions of clause 11.2.3 are not infringed.

11.2.6 For the purpose of reviewing the Payment Percentage as at a particular Review Date, the Scheme Administrators shall obtain and consider such financial and/or actuarial information and advice as the Scheme Administrators, following consultation with the Creditors' Committee, shall consider appropriate.

11.3 Payments to Scheme Creditors other than in respect of Agreed Protected Claims

11.3.1 Within 105 days following a Scheme Creditor's Valuation Statement becoming final and binding pursuant to clause 2.7, Sovereign shall pay to the relevant Scheme Creditor the amount of:

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

11.3.1.1 the Payment Percentage of the Net Ascertained Claim, if any, shown on the Valuation Statement;

11.3.1.2 less the aggregate of any payments previously made or deemed to have been made in respect of such Net Ascertained Claim and, subject to clause 11.3.6, any payments made pursuant to the Original Sovereign Scheme in respect of Scheme Claims included on or taken into account in preparing the Valuation Statement;

11.3.1.3 less any payments deemed to have been received by the Scheme Creditor concerned pursuant to clause 4.1.4 or clause 10.5.2;

11.3.1.4 less any amount payable by the Scheme Creditor concerned pursuant to clause 6.5 which has not been paid;

provided the sum of the amounts referred to in clauses 11.3.1.2 to 11.3.1.4 inclusive do not exceed the amount referred to in clause 11.3.1.1.

11.3.2 Within 105 days of the Payment Percentage being increased pursuant to clause 11.2, Sovereign shall pay to each Scheme Creditor with a Valuation Statement which is final and binding, the amount resulting from the calculation set out in clauses 11.3.1.1 to 11.3.1.4 inclusive, subject to the proviso in 11.3.1.

11.3.3 Notwithstanding clause 4.2, if all of the Liabilities of Sovereign in respect of Scheme Claims have become Net Ascertained Claims (including the FSCS Amount determined under clause 12.9) and, subject to clauses 2.7.1.11, 4.1.4, 6.5 and 10.5.2, payments equal to their full value have been made under the Scheme, then Sovereign, after making adequate provision for all other Liabilities of Sovereign in existence at that time (other than in respect of share capital and Protected Scheme Claims), shall make payments in respect of contractual interest, other than Sovereign Admissible Interest, such that either:

11.3.3.1 all contractual interest, other than Sovereign Admissible Interest, having been calculated taking into account the amount and timing of payments pursuant to clause 11.3.1, is paid; or

11.3.3.2 such assets as are available are distributed pro rata to the full amounts of contractual interest, other than Sovereign Admissible Interest, calculated in accordance with clause 11.3.3.1 above.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

- 11.3.4 If all of the Liabilities of Sovereign in respect of Scheme Claims shall have become Net Ascertained Claims (including the FSCS Amount determined pursuant to clause 12.9) and been paid in full (including for this purpose only Liabilities for interest, other than Sovereign Admissible Interest), Sovereign shall pay additional interest in respect of each such Net Ascertained Claim (including the FSCS Amount determined pursuant to clause 12.9) in accordance with this clause 11.3.4. The amount of such additional interest shall be an amount equal to LIBOR for the relevant currency on the unpaid amount of such Net Ascertained Claims (including the FSCS Amount determined pursuant to clause 12.9) from time to time (such additional interest to be calculated on a daily basis from the date on which the Liability of Sovereign in respect of the relevant Scheme Claim became a Net Ascertained Claim (including the FSCS Amount determined pursuant to clause 12.9) up to the date of payment of such additional interest on the basis of a 365-day year in respect of Pounds Sterling and a 360-day year in respect of other currencies), provided that the amount of such additional interest shall not exceed the surplus assets of Sovereign after adequate provision has been made for all other Liabilities of Sovereign (otherwise than in respect of share capital and Protected Scheme Claims) in existence at the time of payment of such additional interest. In the event that there are insufficient assets to pay the interest provided for in this clause in full, the available assets shall be distributed such that an equal proportion of the interest payable in respect of each Net Ascertained Claim (including the FSCS Amount determined pursuant to clause 12.9) shall be paid.
- 11.3.5 The Scheme Administrators shall suspend payments under clause 11.3.1 for such period as they consider appropriate if information becomes available to them concerning the financial position of Sovereign as a result of which they need to consider whether or not to set a reduced Payment Percentage. As soon as practicable during, and in any event at the end of, such period, the Scheme Administrators shall set a reduced Payment Percentage or conclude that the Payment Percentage need not be reduced, and thereupon the suspension of payments shall be lifted.
- 11.3.6 Where payments have been made pursuant to the Original Sovereign Scheme in respect of a Scheme Claim included or taken into account in preparing a Valuation Statement in a different currency to the Net Ascertained Claim, or

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

the relevant part of it, shown on a Valuation Statement, for the purposes of clause 11.3.1.2 the payments made pursuant to the Original Sovereign Scheme shall be converted into the currency of the Net Ascertained Claim, or the relevant part of it, at the same rate at which the Scheme Claim was converted into that currency for the purpose of preparing the Valuation Statement.

11.4 Mechanics of payments to Scheme Creditors

11.4.1 Subject to clause 11.4.5, where payments are due to be made to a Scheme Creditor pursuant to clause 11.3 in more than one Scheme Currency and the amount of one or more of the payments is less than the *de minimis* amount, the Scheme Administrators shall have the discretion to convert such amounts as are smaller than the *de minimis* amount into the Scheme Currency of a payment exceeding the *de minimis* amount and aggregate any smaller amounts so converted with the largest amount for the purpose of making a single payment.

11.4.2 All payments to a Scheme Creditor may be made in the absolute discretion of the Scheme Administrators (or the FSCS in the case of payments made by it):

11.4.2.1 by cheque in favour of such Scheme Creditor or as it may direct and sent by Post to the last known address of the Scheme Creditor or to such other address as the Scheme Creditor may from time to time notify in writing to Sovereign (or, as the case may be, the FSCS) provided that, if no address for the Scheme Creditor is known, such payments may be sent by Post to the last known address of the insurance broker through whom the relevant contract or policy was effected or to such other address as such broker may from time to time notify to Sovereign (or, as the case may be, the FSCS) in writing; or

11.4.2.2 at the option of Sovereign (or, as the case may be, that of the FSCS) (but only if requested by the Scheme Creditor) and at the expense of the Scheme Creditor (which expense may be deducted from the amount of the relevant payment) by telegraphic transfer to such bank account as the Scheme Creditor may from time to time notify Sovereign (or, as the case may be, the FSCS); or

11.4.2.3 in such other manner as the Scheme Administrators may from time

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

to time determine or, in respect of payments by the FSCS, in such other manner or in favour of such other person, including any third party, as may be determined from time to time by the FSCS in its absolute discretion,

and the Scheme Administrators or, as the case may be, the FSCS may in connection with the making of any payment under the Scheme require the Scheme Creditor or other person to execute such forms of discharge, receipts or other documents as they may from time to time determine.

11.4.3 Provided that clause 11.4.4 has been complied with, any payment made under or pursuant to the Scheme (including any payment made by the FSCS) to a Scheme Creditor or other person which remains uncashed or otherwise unclaimed after the date on which the payment was sent by Post to the Scheme Creditor or other person (as the case may be) or otherwise made pursuant to clause 11.4.2.3 shall upon the expiration of one year after the cheque being sent by Post as referred to in clause 11.4.2.1, or the making of a payment in such other manner as the Scheme Administrators determine pursuant to clause 11.4.2.3, be deemed to have been made and the Scheme Creditor's right to such payment shall be extinguished.

11.4.4 Where a payment made pursuant to clause 11.4.2 appears as an outstanding item on a reconciliation prepared quarterly, or such shorter intervals as the Scheme Administrators may determine, the Scheme Administrators shall take reasonable steps to notify the Scheme Creditor that the payment has not been effected and, where appropriate and possible, to effect such payment.

11.4.5 The Scheme Administrators may determine that any payment under the Scheme of less than the *de minimis* amount shall not be sent to a Scheme Creditor because of the cost involved in making or receiving such a payment. Any amount so withheld shall be paid to that Scheme Creditor upon the earliest of:

11.4.5.1 receipt of a demand made in writing by that Scheme Creditor; or

11.4.5.2 such time as the aggregate of such sums due to the relevant Scheme Creditor under the Scheme exceeds the *de minimis* amount; or

11.4.5.3 the Completion Date.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

11.4.6 Without prejudice to clause 11.4.2, 12.7.3 or 12.7.4, and subject to clause 12.7.2, payment by the FSCS in respect of an Agreed Protected Claim:

11.4.6.1 to a Scheme Creditor who is a Protected Policyholder; or

11.4.6.2 where two or more persons comprise a Scheme Creditor who is a Protected Policyholder to any one such person; or

11.4.6.3 to any person who is authorised to act on behalf of the Scheme Creditor who is a Protected Policyholder (whether actually or ostensibly); or

11.4.6.4 otherwise pursuant to clause 11.4.2,

shall, for all purposes, constitute a valid and full discharge of the FSCS, in respect of such Agreed Protected Claim. For the foregoing purposes, payment of any cheque by the bank on which it is drawn shall be satisfaction of the obligation to pay the amount in which it was drawn, and receipt by the receiving bank of the amount of such telegraphic transfer as referred to in clause 11.4.2.2 shall be satisfaction of the obligation to pay the amount transferred.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

12. PROVISIONS RELATING TO THE FSCS

12.1 Payments by the FSCS

12.1.1 In consideration of the payments to be made by Sovereign to the FSCS as provided for in clause 12.9 and subject to the following provisions of this clause 12 and clause 10.1.4, the FSCS shall pay to each Protected Policyholder in respect of each Agreed Protected Claim owed to him an amount equal to the Protected Percentage of that Agreed Protected Claim, less the aggregate of:

12.1.1.1 any payments made or treated as having been paid by Sovereign pursuant to the Original Sovereign Scheme or the Scheme in respect of that Agreed Protected Claim at the time when the FSCS makes its payment; and

12.1.1.2 the Protected Percentage of any Sovereign Admissible Interest paid or payable at that time pursuant to clause 4.2, save to the extent that any Sovereign Admissible Interest arises under the terms of the relevant policy; and

12.1.1.3 the amount of any payment or payments previously made by the FSCS in respect of that Agreed Protected Claim.

12.1.2 Payment under clause 12.1.1 in respect of an Agreed Protected Claim shall be made as soon as reasonably practicable following whichever is the latest of:

12.1.2.1 the date on which the Scheme Administrators or the Scheme Manager or Sovereign notifies the FSCS (and the FSCS agrees) that a Protected Scheme Claim has become an Agreed Protected Claim and that all available Security Interests and amounts owing by the relevant Scheme Creditor have been taken into account in calculating the amount payable in respect of the Agreed Protected Claim;

12.1.2.2 the date on which the FSCS agrees or it is otherwise determined (so as to bind the FSCS) that such claim is an Agreed Protected Claim including, where Sovereign is a co-insurer under the policy giving rise to the Protected Scheme Claim, circumstances where the lead co-insurer has in the ordinary course of business properly entered

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

into a Final Settlement of the Protected Scheme Claim and there are in the opinion of the FSCS no circumstances which could result in Sovereign or the FSCS forming a different view on the merits and/or liability and/or quantum of the Agreed Protected Claim;

12.1.2.3 the date which is 60 days after the Effective Date;

12.1.2.4 in any case where it appears to the FSCS that the funds available to it fall short of what it requires to make the payment in question and to meet its responsibilities under or pursuant to the Policyholders Protection Act or otherwise, the date on which it appears to the FSCS that its funds are adequate for those purposes; and

12.1.2.5 the date on which any condition imposed by clause 12.3.3 is satisfied.

12.1.3 The provisions of this clause 12.1 shall, as amended, survive the Completion Date or an Insolvency Event.

12.1.4 Where a Protected Policyholder has received payment from Sovereign pursuant to clause 11 in respect of a Protected Scheme Claim such payment will be treated as a payment on account of the obligations of the FSCS to that Scheme Creditor in respect of any such Protected Scheme Claim which subsequently becomes an Agreed Protected Claim.

12.1.5 Each Scheme Creditor (except for the FSCS in its capacity as such) agrees that in respect of any Agreed Protected Claim including those referred to in clauses 12.1.1 and 12.1.4 above, the Scheme Creditor shall have no right to payment from Sovereign or its assets which are the subject of the Scheme whatsoever whether under the Scheme or in any insolvency proceeding and consents (to the extent such consent is necessary) to the treatment of such claim in accordance with this clause 12.1.

12.1.6 Notwithstanding any other provision of the Scheme and without prejudice to clause 12.6, no Scheme Creditor shall have any right to payment in respect of a Protected Scheme Claim against the FSCS under the Scheme or any other applicable law or rules, whether before or after the Completion Date and notwithstanding an Insolvency Event, otherwise than in respect of an Agreed Protected Claim and then only in accordance with and subject to the provisions

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

of the Scheme. Nothing in the Scheme shall prevent a Protected Policyholder from claiming an entitlement from the FSCS and being paid a Protected Percentage in respect of an Agreed Protected Claim, subject to the provisions of the Scheme notwithstanding that such Protected Policyholder is not entitled to receive a Payment Percentage or any other amount referred to in clause 11 from Sovereign in respect of that Agreed Protected Claim by virtue of this clause.

- 12.1.7 The FSCS shall have no obligation to make any payments to a Protected Policyholder otherwise than on the basis of, and in accordance with and to the extent of, its duties and obligations under the Policyholders Protection Act and/or article 10 of the Transitional Order and the FSCS Rules applicable thereto as they may apply to any Protected Scheme Claim. The FSCS shall not, for the purposes of assessing eligibility under the Scheme or whether a Protected Scheme Claim is an Agreed Protected Claim, be bound by any information provided by a Scheme Creditor in relation to the estimation of that claim or any decision of or estimation by a Sovereign Co-Insurer in respect of a Scheme Claim and the Scheme Creditor accepts that estimates of Protected Scheme Claims are not eligible for protection by the FSCS unless and until any such claim has become an Agreed Protected Claim. Scheme Creditors further accept that any estimate of a claim in respect of a Protected Scheme Claim shall not and does not constitute a Liability of Sovereign under a policy which is due for payment.
- 12.1.8 Until the Completion Date (or, in relation to the Scheme Administrators, the Notification Date) Sovereign, the Scheme Administrators, the Scheme Manager and any other agent engaged to administer Protected Scheme Claims shall at no cost to the FSCS continue to comply with their claims-handling responsibilities, duties and obligations (including those in respect of claim-related recoveries) (and Sovereign shall continue to employ the Scheme Manager and any other relevant agent and shall procure such other agents' compliance with this clause 12.1.8) insofar as is necessary for establishing Protected Policyholders' Agreed Protected Claims.
- 12.1.9 The FSCS shall, from the Completion Date or the Notification Date, put in place such arrangements as it sees fit for the purpose of handling and agreeing (as may be required) Protected Scheme Claims. Such arrangements referred to

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

in this clause 12.1.9 may include the appointment of the Scheme Manager or such other person as the FSCS may consider appropriate to carry out the role hitherto performed by the Scheme Manager in relation to Protected Scheme Claims and Agreed Protected Claims and in that event, with effect from the Completion Date or the Notification Date, references in this clause 12 to the Scheme Manager shall be construed as referring to the person to be appointed by the FSCS. The FSCS shall be solely responsible for the remuneration of any person so appointed.

12.1.10 Subject to clause 12.1.8, Sovereign shall use all reasonable endeavours to procure that the Scheme Manager and any other agent which is or may be concerned with administering Protected Scheme Claims will offer to the FSCS such services as it shall reasonably require after the Completion Date or Notification Date in order to enable it to perform its obligations under the Scheme on terms as to payment no less favourable than those obtained by Sovereign under the Scheme.

12.1.11 In consideration of the FSCS agreeing to make payments in accordance with clause 12.1, Sovereign hereby:

12.1.11.1 irrevocably transfers to the FSCS (and each Protected Policyholder irrevocably consents to such transfer) with effect from the Completion Date or the Notification Date, as applicable, the full, exclusive and absolute authority discretion and control with respect to the administration and conduct of Protected Scheme Claims (including but not limited to the defence, settlement and payment thereof and the appointment of claims handling agents) but so that the FSCS shall have sole responsibility for all costs incurred by it or any agent appointed by it in such administration and conduct; and

12.1.11.2 irrevocably assigns to the FSCS the benefit of all of Sovereign's claims handling rights under or in connection with the policy under which the Protected Scheme Claim arises.

12.1.12 The FSCS shall not assume or have any liability whatsoever of Sovereign under any Insurance Contract to pay a Protected Policyholder in respect of a Scheme Claim against Sovereign by reason of the transfer of rights and powers hereunder.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

12.2 Limitations on the FSCS's obligations

12.2.1 Any obligation of the FSCS to a Protected Policyholder under the Scheme (whether before or after the Completion Date and notwithstanding an Insolvency Event) in respect of an Agreed Protected Claim shall be subject to the same conditions, limitations, qualifications and other provisions (*mutatis mutandis*) contained or referred to in, or capable of being imposed under, sections 9, 13(1) to (3) and 14 of the Policyholders Protection Act (and for the avoidance of doubt, so that for the purposes of section 13(3) in its application to the Scheme the FSCS shall be entitled to have regard both to its obligations under the Scheme and to its responsibilities otherwise than under the Scheme) as the duty which the FSCS would have had under sections 6 to 8 of the Policyholders Protection Act to secure the making of a payment to any policyholder or any other person in respect of that Agreed Protected Claim if Sovereign were a company in liquidation (as defined in the Policyholders Protection Act) and, in the case of a Scheme Claim made in connection with article 10 of the Transitional Order, the Transitional Order and associated FSCS Rules.

12.2.2 Any obligation of the FSCS to make a payment under clause 12.1.1 in respect of an Agreed Protected Claim shall, unless the FSCS otherwise consents in any case, be conditional on the Protected Policyholder being entitled and able to assign to the FSCS all the rights and claims set out in clause 12.3.1, subject to the proviso in clause 12.3.5, as originally arising and free from any lien, charge, prior assignment, equity, encumbrance or other third party right.

12.2.3 Any sum payable in respect of any Agreed Protected Claim by the FSCS under clause 12.1.1 which is a Non Sterling Amount shall not exceed its Capped Sterling Equivalent. For the purpose of this clause 12.2.3, if the Euro replaces Pounds Sterling as the lawful currency of the United Kingdom for the time being, the preceding provisions of this clause shall thereafter have effect as if references to Pounds Sterling were references to the Euro and Capped Sterling Equivalent, Non-Sterling Amount and Specified Exchange Rate shall be construed accordingly.

12.2.4 Subject to clause 12.2.4.1, the FSCS shall not have any greater obligation under the Scheme (whether or not an Insolvency Event occurs) in respect of any Scheme Creditor than it would have had (and neither Scheme Creditors nor

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

Sovereign shall have any different or greater relief or remedy against the FSCS than they or it would have had) if Sovereign had been a company in liquidation (as defined in the Policyholders Protection Act), the beginning of the liquidation (as so defined) had been on the Record Date and the payment to be made by the FSCS in respect of each Agreed Protected Claim had (after taking into account any applicable set-off or rights under a Security Interest) been reduced by the amounts referred to in clause 12.1.1 and no right of, or condition imposed by, the FSCS under the Scheme in relation to any Scheme Creditor shall be limited or restricted by virtue of any obligation of the FSCS to that Scheme Creditor under the Scheme being less than the obligation which the FSCS would have had to it if Sovereign had been a company in liquidation (as so defined).

12.2.4.1 For the purpose of this clause 12.2.4 it shall be assumed that:

- (a) the currency of payment by the FSCS in respect of any Agreed Protected Claim (and where that currency is not Pounds Sterling, its rate of exchange) would be the same on a liquidation of Sovereign beginning on the Record Date as under the Scheme (including for these purposes the exchange rate limit set out in clause 12.2.3); and
- (b) the amount of any liability of Sovereign in liquidation would be as established in the case of an Agreed Protected Claim in accordance with the Scheme.

12.2.5 For the avoidance of doubt the FSCS:

12.2.5.1 shall not be liable in respect of any interest payable by Sovereign in relation to a Scheme Claim which is not Sovereign Admissible Interest, and in the case of Sovereign Admissible Interest it shall be liable only to the extent that it falls within the definition of an Agreed Protected Claim and is payable under the terms of the relevant policy; and

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

12.2.5.2 without prejudice to clause 12.2.3, shall not have:

- (a) any greater obligation under the Scheme by virtue of any amount of any Security Interest (or any other amount failing to be taken into account under clause 2.7.1 being taken into account in the calculation of any Agreed Protected Claim) than it would have had if that amount (as well as the amounts referred to in clause 12.1.1) had been treated under Section 14(1) of the Policyholders Protection Act (taken together with Section 14(7), if applicable) as reducing any sum which would have been payable by it in respect of the Agreed Protected Claim concerned if Sovereign had been a company in liquidation (as defined in the Policyholders Protection Act) and the beginning of the liquidation (as so defined) had been on the Record Date;
- (b) any obligation under the Scheme towards any person who has paid or is liable to pay any such amount as is described in clause 12.2.5.2(a);
- (c) any greater obligation under the Scheme by virtue of any such amount as is described in clause 12.2.5.2(a) not being taken into account in the calculation of any Agreed Protected Claim than it would have had if that amount had been so taken into account,

and any amount which the FSCS would otherwise be obliged to pay under clause 12.1.1 shall be reduced accordingly; provided that the FSCS may in any case falling within clauses 12.2.5.2(a) or 12.2.5.2(c) above elect at its discretion to pay the whole or any part of any such reduction. Any such payment by it shall be without prejudice to its rights under any other provision of this Scheme, including in particular clauses 12.2.6 and 12.2.7 and 12.3.1 (and for the purposes of clause 12.3.1 any such payment shall be treated as a payment pursuant to clause 12.1) and may be made subject to such terms and conditions as the FSCS thinks fit;

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

12.2.5.3 if Sovereign is subject to an Insolvency Event the FSCS shall not have any obligation in respect of any policyholder or Liability of Sovereign which it would not have had, or greater than it would have had, if the Insolvency Event had occurred on the Record Date; and if by virtue of Sovereign being subject to an Insolvency Event after the Record Date the FSCS would, or would but for this clause, be required to pay any amount to or on behalf of a policyholder in respect of a Liability of Sovereign which it would not or could not have been required to pay if the Insolvency Event had occurred on the Record Date, then the Liability shall for all purposes be treated as not being a Liability under the terms of a policy, but as being a Liability only under the Scheme (and admissible for proof in the liquidation as such).

12.2.6 Without prejudice to clauses 12.2.1, 12.2.3 and 12.2.5:

12.2.6.1 if when calculating the amount payable to a Scheme Creditor in respect of any Agreed Protected Claim, any such amount as is described in clause 12.2.5.2(a) is not taken into account; and

12.2.6.2 Sovereign or the relevant Scheme Creditor receives or becomes entitled to receive any sum in respect of or referable to that Agreed Protected Claim (whether or not such sum forms part of a greater amount the balance of which is not referable to that Agreed Protected Claim) from such source as is described in paragraph 12.2.5.2(a),

Sovereign or the relevant Scheme Creditor (as the case may be) shall, subject to the discharge therefrom of any valid and enforceable prior ranking encumbrances, equities or interests, as soon as reasonably practicable after receipt, pay the sum to the FSCS; and pending such payment shall hold that sum and interest thereon (or, as the case may be, its entitlement to receive the same) on trust absolutely for the FSCS.

12.2.7 The FSCS shall not have an obligation to make a payment in respect of an Agreed Protected Claim if it appears to the FSCS that such a payment would result in a benefit being conferred on either:

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

12.2.7.1 any person who was a member of Sovereign at the Petition Date; or

12.2.7.2 any person who had any responsibility for or who may have profited from the circumstances giving rise to the financial difficulties of Sovereign;

provided that there shall be disregarded for the purposes of clauses 12.2.7.1 and 12.2.7.2 above any benefit which might accrue to such persons therein mentioned who are policyholders of Sovereign in their capacity as such. For the avoidance of doubt:

12.2.7.3 references in clauses 12.2.5 and 12.2.6 to any amount which falls to be taken into account in the calculation of any Agreed Protected Claim include references to any such amount whether paid or payable; and

12.2.7.4 nothing in the Scheme shall require the FSCS to make any payment to a Protected Policyholder if he does not wish to claim it.

12.3 Assignments to the FSCS

12.3.1 Immediately upon any payment being made by the FSCS to a Protected Policyholder pursuant to clause 12.1 in respect of an Agreed Protected Claim, there shall automatically be assigned to the FSCS absolutely, without any further act or document:

12.3.1.1 all rights of the Protected Policyholder in respect of that Agreed Protected Claim (including in respect of the debt or claim constituted by or arising out of or relating to that Agreed Protected Claim) under or in respect of the policy relating to that Agreed Protected Claim and the Scheme;

12.3.1.2 any rights and claims such Protected Policyholder may have in respect of payments made by him by way of premiums under the policy relating to that Agreed Protected Claim; and

12.3.1.3 without prejudice to and subject to clause 12.2.5.2, any rights and claims such Protected Policyholder may have against any other persons in respect of any event giving rise to that Agreed Protected

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

Claim (other than another insurer which has insured the Protected Policyholder in respect of the same event but without prejudice to the application of this clause 12.3.1 in relation to any other Agreed Protected Claim to which the event has also given rise) or by reference to or in connection with the policy relating to that Agreed Protected Claim, whether, in any such case, those rights or claims arise under or in respect of the policy relating to that Agreed Protected Claim, under or in respect of the Scheme, by virtue of any trust or legislation (primary or subordinate) or otherwise howsoever, and whatever the nature of those rights or claims. If, before making a payment pursuant to clause 12.1, in any particular case the FSCS in its absolute discretion determines that the terms of the assignment of rights and claims which would otherwise apply under this clause 12.3.1.3 should be varied in that case, subject to the consent of the Protected Policyholder concerned to the variation, this clause 12.3.1.3 shall have effect as if those terms of assignment as so varied applied in that case. If any question arises as to the identification of any Agreed Protected Claim, or as to whether any payment has been made by the FSCS in respect of that Liability, or as to whether that Liability is or is not the subject of an assignment to the FSCS under this clause 12.3.1, a certificate from the FSCS that it has made a payment in respect of that Liability shall be binding and conclusive on all persons for the purpose of determining any such matter. Without prejudice to the provisions of clause 12.3.4, the FSCS shall provide to Sovereign such information relating to the date and amount of payments it makes in respect of Agreed Protected Claims as Sovereign may from time to time reasonably request.

- 12.3.2 Without prejudice to clause 12.3.1, a Protected Policyholder to whom a payment is made pursuant to clause 12.1 shall do such acts and things and execute such deeds and documents, and in particular such forms of assignment, transfer or assurance, as the FSCS may from time to time request to vest in it fully and effectively all rights and claims of that Protected Policyholder against Sovereign or other persons under or in respect of the Agreed Protected Claim to which such payment relates, or to perfect or evidence the vesting in it of the same. Each Protected Policyholder hereby irrevocably and unconditionally

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

appoints the Chairman from time to time of the FSCS to be his attorney and agent and on his behalf and in his name or otherwise to do such acts and things and execute such deeds and documents as may be required to give effect to this clause 12.3.2, if such Protected Policyholder fails to comply promptly with his obligations hereunder. Without prejudice to clause 12.3.1, if and to the extent that any interest in any such right or claim of a Protected Policyholder as falls to be assigned to the FSCS under that clause upon any payment being made does not for any reason immediately vest fully and effectively in the FSCS, the same shall be held by the Protected Policyholder on trust absolutely for the FSCS until it does so vest (whether pursuant to that clause or the preceding provisions of this clause or otherwise).

- 12.3.3 Without prejudice to clauses 12.2.1 and 12.3.1, any obligation of the FSCS to make a payment to a Protected Policyholder under clause 12.1 in respect of an Agreed Protected Claim shall, if the FSCS so elects, be conditional on there first being assigned to it, in such form as it may request, any or all such rights and claims as are mentioned in clauses 12.3.1.1 to 12.3.1.3 (but as if the references there to Protected Policyholder or to Agreed Protected Claim were references to the Protected Policyholder or Agreed Protected Claim in respect of whom or which the election is made) or such of those rights and claims as the FSCS may determine.
- 12.3.4 Clause 12.3.1 shall be deemed to constitute for all purposes express notice in writing to Sovereign of all assignments effected pursuant to its provisions and relating to Liabilities of Sovereign.
- 12.3.5 For the avoidance of doubt (and without prejudice to clause 2.7.1.7), rights and claims to which clause 12.3.1 applies include all rights and claims which a Protected Policyholder may have in respect of an Agreed Protected Claim to any payment out of, interest in, or recourse to or otherwise by virtue of, any such Security Interest, as is referred to in clause 12.2.5.2(a) or in respect of any other amount falling to be taken into account under clause 2.7.1.7, provided that if a Protected Policyholder has any right under a Security Interest or in respect of any other amount falling to be taken into account under clause 2.7.1.7, then such right shall not be assigned to the FSCS to the extent that its being taken into account in calculating the FSCS's payment in respect of an Agreed Protected Claim under the Scheme results in a reduction in the amount

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

which would otherwise have been payable by the FSCS in respect of that Agreed Protected Claim under the Scheme (except that if and to the extent that it is determined in any Proceeding (or the effect of a determination in any Proceeding is) that this proviso causes, or would but for this exception cause, the assignment of such right or any other right to be invalid or unenforceable, the proviso shall not have effect).

12.4 Information to be provided to the FSCS

12.4.1 Without prejudice to sections 219 and 221 of FSMA, Sovereign (until it is dissolved) and the Scheme Administrators (until they cease to hold office as such) shall promptly provide the FSCS with all such information in their possession or under their control or the control of the Scheme Manager or their other agents as the FSCS may from time to time reasonably request in order to establish whether (or the extent to which) any Scheme Claim is, or may become, an Agreed Protected Claim or whether (or the extent to which) a Scheme Creditor is a Protected Policyholder or otherwise for the purpose of enabling or assisting the FSCS to perform its obligations or exercise its rights under the Scheme or generally to carry out its powers, functions or responsibilities at any time. Where the FSCS requests copies of documents it shall pay the reasonable costs of providing such copies. Subject to sections 219 and 221 of FSMA, Sovereign and the Scheme Administrators (until they cease to hold office as such) shall, so far as they are able, authorise and instruct any third party with any such information to disclose it to the FSCS. Subject to sections 219 and 221 of FSMA, Sovereign's and the Scheme Administrators' obligations set out in this clause 12.4.1 shall not extend to any information which Sovereign or the Scheme Administrators are under a legal duty not to disclose, but Sovereign and the Scheme Administrators shall not, without the prior written consent of the FSCS, enter into any agreement or incur any obligation which precludes or restricts disclosure to the FSCS of any such information as is reasonably capable of being the subject matter of a request under this clause 12.4.1.

12.4.2 Without prejudice to sections 219 and 221 of FSMA and subject to receiving reasonable notice in any case, Sovereign and the Scheme Administrators (until they cease to hold office as such) shall, for the purposes referred to in clause 12.4.1, permit (and, so far as they are able, authorise and instruct their agents to

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

permit) any person authorised by the FSCS to have access to, and to be provided with copies of, all or any of the books and records of Sovereign and, in so far as they relate to Sovereign, of such agents, during normal business hours. Subject to sections 219 and 221 of FSMA, such obligation shall not extend to any such information which Sovereign or any such agent is under a legal duty not to disclose. The FSCS shall pay the reasonable photocopying costs of providing such copies.

12.4.3 Without limitation to clause 12.4.1, Sovereign shall, as soon as reasonably practicable after payment of any amount to a Scheme Creditor under clause 11, give notice of such payment to the FSCS to the extent required by the FSCS in order for the FSCS to fulfil its obligations under the Scheme.

12.5 The FSCS's rights against Sovereign in respect of any assignment to it of the rights of a Protected Policyholder

For the avoidance of doubt and without prejudice to clauses 12.1 to 12.3, Sovereign agrees with the FSCS that any assignment by any Protected Policyholder of all or any rights whatsoever of the Protected Policyholder against Sovereign, including without limitation an automatic assignment under clause 12.3.1, shall be valid and binding on Sovereign, and:

12.5.1 the FSCS may take actions and Proceedings in the name of such Protected Policyholder and exercise all his rights against Sovereign, including without limitation his rights, prior to such assignment, against Sovereign; and

12.5.2 Sovereign shall take any steps reasonably requested by the FSCS to ensure that any assignment under or which falls to be made under the Scheme in favour of the FSCS is duly and effectively made and given full effect.

12.6 The FSCS and continuation of the Scheme in liquidation

12.6.1 If Sovereign becomes subject to an Insolvency Event, the Scheme shall continue in full force and effect. The FSCS shall continue to make payments by reference to the terms of the Scheme and, notwithstanding the occurrence of an Insolvency Event, in relation to each Agreed Protected Claim to which this clause 12.6.1 applies:

12.6.1.1 there shall automatically be assigned to the FSCS absolutely,

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

without any further act or document and before any payment has been made by the FSCS in respect of that Agreed Protected Claim, all such rights and claims as are mentioned in clauses 12.3.1.1 to 12.3.1.3 (but as if, in any case to which this clause 12.6 applies, the references there to Protected Policyholder or to Agreed Protected Claim were references to the Protected Policyholder or Agreed Protected Claim in respect of whom or which this clause 12.6 applies);

12.6.1.2 in consequence of such assignment, the provisions of this clause 12 shall apply with the following modifications:

- (a) clause 12.1.1 shall apply as if:
 - (i) for the words "each Agreed Protected Claim owed to him" there were substituted the words "each Agreed Protected Claim which, but for clause 12.6.1.1, would be owed to him"; and
 - (ii) clause 12.1.1 referred only to so much of the amount there mentioned as is not paid to the FSCS,
- (b) clauses 12.2.1, 12.2.4, 12.2.5.2(a) and 12.7.4 shall apply as if the reference to a company in liquidation were references to a company in liquidation outside, and not subject to the continuing provisions of, the Scheme;
- (c) clause 12.2.2 shall apply as if, for the words "the Protected Policyholder being entitled and able to assign" there were substituted the words "there having been assigned";
- (d) clause 12.3.1 shall not apply so far as it is rendered redundant by clause 12.6.1.1 and if any question arises as to the identification of any Agreed Protected Claim, or as to whether any payment has been made by the FSCS in respect of that Liability, or as to whether that Liability is or is not the subject of an assignment to the

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

FSCS under clause 12.6.1.1, a certificate from the FSCS as to any such matter shall be binding and conclusive on all persons for the purpose of determining the same;

- (e) clauses 12.3.2 and 12.3.3 shall apply as if the references to clause 12.3.1 were references to clause 12.3.1 or clause 12.6.1 and as if after the words "upon any payment being made" in clause 12.3.2 there were inserted the words "or upon any Protected Scheme Claim first becoming an Agreed Protected Claim (as the case may be)";
- (f) clause 12.3.4 shall apply as if for the words "Clause 12.3.1" there were substituted the words "Each of clauses 12.3.1 and 12.6.1";
- (g) clause 12.3.5 shall apply as if the reference to rights and claims to which clause 12.3.1 applies included rights and claims to which clause 12.6.1 applies by reference to clause 12.3.1;
- (h) clause 12.5 shall apply as if the reference to clauses 12.1 to 12.3 were a reference to clauses 12.1 to 12.3 and 12.6, and the reference to an automatic assignment under clause 12.3.1 were a reference to an automatic assignment under clause 12.3.1 or 12.6;

12.6.1.3 for the avoidance of doubt, following an automatic assignment under this clause 12.6.1, references to a Protected Policyholder in clauses 12.1 to 12.5, as modified by clause 12.6.1.2, shall, as between that person and the FSCS, be construed as references to the person from whom the automatic assignment is taken.

12.6.2 Subject to clause 12.6.3, clause 12.6.1 applies to each Agreed Protected Claim in respect of which the rights and claims mentioned in clause 12.3.1.1 to 12.3.1.3 have not, prior to the Insolvency Event, been assigned to the FSCS.

12.6.3 Clause 12.6.1 shall not apply to any Agreed Protected Claim or categories thereof in respect of which the FSCS elects to disapply it.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

12.6.4 The time at which the automatic assignment under clause 12.6.1 shall take effect in relation to any Agreed Protected Claim shall be the time at which it first becomes an Agreed Claim.

12.7 Other provisions applicable to the FSCS

12.7.1 References in this clause 12 to the FSCS paying or making payment of any sum include references to the FSCS securing the payment of that sum and references to the securing of payment in sections 9, 13 and 14 of the Policyholders Protection Act, as they apply by virtue of clause 12.2.1 to the obligations of the FSCS under this clause 12, shall be construed accordingly.

12.7.2 A payment by the FSCS under the Scheme shall not operate to reduce or discharge any Liability of Sovereign or any part of such Liability.

12.7.3 Without prejudice to any other rights and remedies which the FSCS may have, any person receiving a payment in respect of a Liability who has knowingly provided false, misleading or incomplete information to the FSCS in support of an application for that payment shall be bound on demand to repay to the FSCS all such amounts as have been paid by the FSCS in respect of that Liability, together with interest at 15 per cent per annum (or such higher rate of interest as may be from time to time prescribed pursuant to section 17 of the Judgments Act 1838 (or such other rate as a court of competent jurisdiction may specify for the purpose of this clause 12.7.3)) calculated on a daily basis from the date of payment to the date of repayment.

12.7.4 Where, in relation to any policy, the FSCS would be required or entitled to make a payment to any person other than, or instead of, the policyholder, if Sovereign were in liquidation, the FSCS may similarly perform any obligation to make a payment under the Scheme in relation to that policy and references to a Protected Policyholder shall be construed accordingly as including payment to such a person (as well as, for the avoidance of doubt, any person, whether or not a policyholder, to whom payment may be made by the FSCS in discharge or satisfaction of any payment obligation to the Protected Policyholder or to whom payment may otherwise be made by the FSCS for or on behalf of the Protected Policyholder).

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

- 12.7.5 At any time prior to its payment obligation in relation to a Protected Policyholder under clause 12.1 having arisen, the FSCS may elect to make a payment to or on behalf of a Protected Policyholder in respect of an Agreed Protected Claim on such terms (including terms requiring repayment and terms as to assignment of rights in respect of the Agreed Protected Claim) and on such conditions as the FSCS thinks fit.
- 12.7.6 Notwithstanding Sovereign becoming subject to an Insolvency Event, the FSCS and each Protected Policyholder shall continue to be bound by the Scheme.

12.8 Protected Scheme Claims

- 12.8.1 Subject to clauses 12.8.3.2 and 12.8.3.3, the provisions of clauses 2.4 to 2.7 shall have no application to Scheme Claims which are Protected Scheme Claims or Agreed Protected Claims. No Protected Policyholder shall have any right to receive any payment from Sovereign in respect of Protected Scheme Claims or Agreed Protected Claims and all such Scheme Claims will instead be treated in accordance with this clause 12.8. All Scheme Creditors who consider that the whole or part of any Scheme Claim on their Claim Form completed and returned by them under clause 2.3 consists of or includes one or more Protected Scheme Claims, shall state this on the Claim Form to be submitted to the Scheme Administrators on or before the Bar Date in accordance with clause 2.3 by identifying which of their Scheme Claims they consider to be Protected Scheme Claims. Such Claim Form submitted under clause 2.3 shall be referred to the FSCS (for which purpose such Scheme Creditors hereby consent to such referral). The FSCS may in its sole discretion agree that one or more of the relevant Scheme Claims is, in principle, a Protected Scheme Claim. Such agreement of the FSCS shall be given solely for the purpose of performing the calculation of the FSCS Amount and shall not be binding on the FSCS for any other purpose including for determining the eligibility and/or amount of any claim for compensation by a Protected Policyholder in respect of an Agreed Protected Claim. In the event that the FSCS determines that the whole or any part of a Scheme Claim as notified to Sovereign under this clause is not a Protected Scheme Claim (as the case may be) and has so notified Sovereign, then notice will be given by Sovereign to the relevant Scheme Creditor of such determination. Any such Scheme Claim that

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

is so determined not to be a Protected Scheme Claim will then be dealt with in accordance with clauses 2.4 to 2.7.

12.8.2 In the event that:

12.8.2.1 there is a dispute as to whether the whole or any part of a Scheme Claim is a Protected Scheme Claim, the Scheme Administrators may, at their discretion (but subject to the last sentence of clause 12.8.1), reach an agreement with the FSCS and the relevant Scheme Creditor as to how such Scheme Claims should be dealt with. This agreement will include the manner in which sums may be paid under the terms of the Scheme, and any appropriate reservation of rights as between the FSCS and the Scheme Creditor. This will include the way in which the Scheme Creditor either will give credit to the FSCS for any amounts received by the Scheme Creditor from Sovereign in respect of that Liability should it become an Agreed Protected Claim or will not receive any payment from Sovereign in respect of any such Scheme Claims; and

12.8.2.2 the FSCS determines or it is otherwise so determined (so as to bind the FSCS), in relation to a Protected Scheme Claim which becomes an actual present Liability owed to the Scheme Creditor that such Liability is not in fact protected under the Policyholders Protection Act or article 10 of the Transitional Order, then the provisions of this clause 12.8.2.2 shall apply in relation to that Liability. The FSCS shall pay that part of the distributions it has received under clause 12.9.4 in respect of that Protected Scheme Claim, such amount (if any) to be reasonably determined by reference to the Claim Form submitted by the Scheme Creditor and provided the Protected Scheme Claim in question has been included in the Claim Form and that claim has been taken into account in the calculation of the FSCS Amount as determined in accordance with clause 12.9 to or on behalf of the relevant Scheme Creditor.

12.8.3 If in the Scheme Administrators' reasonable opinion, a Scheme Creditor has not, but should have, stated on its Claim Form that any Scheme Claim is a Protected Scheme Claim as required by clause 12.8.1, the Scheme Administrators shall refer the matter to the FSCS together with the relevant

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

Claim Form (for which purpose the Scheme Creditor hereby consents to such referral). If, after consideration of such Claim Form and any other relevant circumstances the FSCS is of the opinion that the relevant Scheme Claim appears, on the basis of the information available, to be a Protected Scheme Claim, the FSCS shall give notice of this fact to the Scheme Administrators who shall, in turn, give such notice to the Scheme Creditor, together with a requirement for the Scheme Creditor to show good cause as to its unprotected status which is reasonably satisfactory to the Scheme Administrators and the FSCS. Thereafter:

12.8.3.1 if at that stage the Scheme Creditor agrees to the amendment of its Claim Form in respect of the relevant Liability to indicate that the Scheme Claim consists of a Protected Scheme Claim, it shall be dealt with as if it had originally so indicated its protected status on its Claim Form in accordance with clause 12.8.1;

12.8.3.2 if the Scheme Creditor shows good cause why it does not believe that it would be eligible for protection under the Policyholders Protection Act or article 10 of the Transitional Order, it shall be dealt with in accordance with clauses 2.4 to 2.7;

12.8.3.3 in the absence of showing good cause as referred to in 12.8.3.2 above, the Scheme Creditor shall be dealt with in accordance with clause 2. Prior to receiving any distribution under clause 11, unless otherwise agreed by the FSCS, the Scheme Creditor shall confirm in a legally binding form satisfactory to the FSCS that it is not a Protected Policyholder in relation to the Liability concerned and that it irrevocably waives any rights or entitlement it may have against the FSCS under the Policyholders Protection Act, the Transitional Order, the FSCS Rules, the Scheme or otherwise in relation to that Liability.

12.9 The FSCS Amount

12.9.1 As soon as reasonably practicable after the Bar Date, the Scheme Administrators shall make an initial valuation of the FSCS Amount and notify the FSCS of that initial valuation in writing. The FSCS Amount shall be based on and be no less than the aggregate value of all Scheme Claims which are or

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

reasonably appear to be Protected Scheme Claims notified to the Scheme Manager on Claim Forms and;

12.9.1.1 the value of any such claims which Sovereign, its agents, the Scheme Administrators, the Scheme Manager, their Employees or agents are aware of from any books and records of or relevant to Sovereign which have not been included in a Claim Form submitted in accordance with the Scheme;

12.9.1.2 any other Protected Scheme Claims which are actuarially or otherwise estimated to exist or which may arise in the future;

12.9.1.3 the amount of any Agreed Protected Claims established under the Original Sovereign Scheme which are unpaid as at the Effective Date; and

12.9.1.4 the total amount (as established under the Original Sovereign Scheme) of all Scheme Claims which have been assigned to the FSCS under the Original Sovereign Scheme.

12.9.2 The Scheme Administrators shall give full and complete details in support of their calculation of the FSCS Amount when notifying the FSCS of their initial valuation of the FSCS Amount under clause 12.9.1. The Scheme Administrators shall deal promptly with any queries raised by the FSCS as to the calculation or the details provided to support their calculation of the FSCS Amount and shall act promptly and in good faith in endeavouring to agree the FSCS Amount with the FSCS. Provided that the Scheme Administrators have complied with this clause 12.9.2, the FSCS shall not be entitled to request information or raise further queries after two months from receipt by it of the notice by the Scheme Administrators of the initial valuation of the FSCS Amount.

12.9.3 The FSCS and the Scheme Administrators may agree the final value of the FSCS Amount in writing. If, after the period of six months from receipt by the FSCS of the notice by the Scheme Administrators of the initial valuation of the FSCS Amount pursuant to clause 12.9.1, the Scheme Administrators and the FSCS have not reached agreement as to the value of the FSCS Amount or any part thereof, the Scheme Administrators and the FSCS shall be at liberty to

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

resolve the disagreement as they see fit, including, by mutual agreement, reference to the Actuarial Adjudicator with a written request for a determination as to the FSCS Amount. If such a request is made, the Actuarial Adjudicator shall make such determination within 28 days of receiving such reference, based on submissions made by the Scheme Administrators and the FSCS to be received by him within seven days of such reference.

12.9.4 The FSCS shall be treated as a Scheme Creditor in respect of the final value of the FSCS Amount determined in accordance with clause 12.9.3 and shall receive payments as if the FSCS Amount were a Net Ascertained Claim on a Valuation Statement which had become final and binding under the Scheme save that clause 2.8 shall not apply and Sovereign shall make the first such payment to the FSCS within seven days of the date upon which the FSCS Amount is determined in accordance with clause 12.9.3, and in the event that the Payment Percentage is increased shall make any further payment in respect of the FSCS Amount consequent on the increase within seven days of the increase. Such payments shall be in an amount equal to the Payment Percentage calculated on the FSCS Amount and any increases therein from time to time, and shall constitute the only entitlement of the FSCS in its capacity as a Scheme Creditor to receive payment of the Payment Percentage from Sovereign pursuant to the Scheme, but without prejudice to any rights or claims of the FSCS to or in respect of:

12.9.4.1 assets capable of being realised after the Completion Date or Notification Date;

12.9.4.2 assets set aside or placed in trust pursuant to clause 16.2.7 or clause 16.4.2; and

12.9.4.3 the indemnities in clause 14.6.

12.10 Stay of proceedings

12.10.1 Without prejudice to clauses 12.10.2, 12.10.3 and 12.10.3.2, no Scheme Creditor shall institute or continue any Proceeding or other judicial, quasi-judicial, administrative or regulatory process whatsoever against Sovereign or its property to establish the existence or amount of a Protected Scheme Claim unless the Scheme Creditor shall first have given to the Scheme Manager,

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

Sovereign and the FSCS notice of such Protected Scheme Claim in accordance with clause 8.6, which notice shall include:

- 12.10.1.1 fully particularised details of how and when the Protected Scheme Claim arose (including without limitation and to the extent possible, fully particularised details of the methodology and rationale for its allocation to the relevant coverage), of the Insurance Contract pursuant to which the Protected Scheme Claim is asserted (where applicable) and of the quantum of the Protected Scheme Claim (if reasonably calculable); and
 - 12.10.1.2 legible copies of all contracts, orders, judgments, decisions and awards which are relevant to the Protected Scheme Claim, and of all other items required to be provided to Sovereign pursuant to the terms of the Insurance Contract between Sovereign and the Scheme Creditor, together with such other supporting information and documentation as the Scheme Manager, Sovereign and/or the FSCS or their agents shall reasonably require.
- 12.10.2 Subject to clauses 12.10.1 and 12.10.8, no Scheme Creditor shall, without the prior agreement of Sovereign (which agreement, to be binding, must be in writing and must refer to this clause 12.10.2), institute or continue any Proceeding or other judicial, quasi-judicial, administrative or regulatory process whatsoever against Sovereign to establish the existence or amount of a Protected Scheme Claim in relation to which there is a Common Liability until the later of:
- 12.10.2.1 the expiration of a period of six months after having given notice of its Protected Scheme Claim in the manner prescribed in clause 12.10.1; and
 - 12.10.2.2 the expiration of a period of six months after notice by the Scheme Creditor to Sovereign in accordance with clause 12.10.4 of the occurrence of any one or more of the following events:
 - (a) a Substantive Judgment having been obtained in any Proceedings between the Scheme Creditor and a Sovereign Co-Insurer in relation to the Common

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

Liability giving rise to such Protected Scheme Claim: or

- (b) such Scheme Creditor having entered into a Final Settlement with a majority in value of Sovereign Co-Insurers in relation to the Common Liability giving rise to such Scheme Claim (a "majority in value" being calculated by comparing the aggregate total of all Sovereign Co-Insurers' proportionate shares in relation to the relevant contract (but leaving out of account those Sovereign Co-Insurers against whom Proceedings have been stayed or restrained or have resulted in a Default Judgment in the manner described in clause 12.10.2.2(c)) with the aggregate of the proportionate shares of Sovereign Co-Insurers with whom such Scheme Creditor has entered into the Final Settlement in question); or
- (c) all Proceedings between such Scheme Creditor and all Sovereign Co-Insurers in relation to the same Common Liability giving rise to such Scheme Claim having:
 - (i) been stayed or restrained by operation of law (other than by virtue of an agreement or arrangement between such Scheme Creditor and Sovereign Co-Insurers or any of them); and/or
 - (ii) resulted in such Scheme Creditor entering or obtaining a Default Judgment,

as against all such Sovereign Co-Insurers.

12.10.3 Upon the expiration of the later of the two six-month periods referred to in clause 12.10.2, a Scheme Creditor shall be entitled to institute or continue Proceedings against Sovereign in relation to the Protected Scheme Claim in question, save that the Scheme Creditor shall not be entitled to institute or continue such Proceedings to establish the amount of its Protected Scheme Claim unless:

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

- 12.10.3.1 the relevant Substantive Judgment or Final Settlement determined the quantum of the Sovereign Co-Insurer's liability; or
- 12.10.3.2 the relevant Substantive Judgment or Final Settlement determined Sovereign Co-Insurer's liability and the Scheme Creditor can demonstrate, to Sovereign's reasonable satisfaction, that the quantum of Sovereign Co-Insurer's liability is not and will not be in dispute as between the Scheme Creditor and Sovereign Co-Insurer.
- 12.10.4 Subject to clause 12.10.8, no Scheme Creditor in relation to whose Protected Scheme Claim there is no Common Liability shall, without the prior agreement of Sovereign (which agreement, to be binding, must be in writing and must refer to this clause 12.10.4), institute or continue any Proceeding or other judicial, quasi-judicial, administrative or regulatory process whatsoever against Sovereign to establish the existence or amount of such Protected Scheme Claim until the expiration of a period of six months after having given notice of the Protected Scheme Claim in the manner prescribed in clause 12.10.1.
- 12.10.5 For the purposes of clauses 12.10.2 and 12.10.3, notice shall take effect only upon delivery by the Scheme Creditor concerned to the Scheme Manager of:
- 12.10.5.1 in the case of notice of an event under clause 12.10.2.2, any of:
- (a) a legible copy of the Substantive Judgment, certified by the issuing tribunal; or
 - (b) a legible copy of the Substantive Judgment, certified as accurate by such Scheme Creditor; or
 - (c) a legible copy of the transcript of the Substantive Judgment, either certified by the tribunal which issued the judgment or certified as accurate by such Scheme Creditor; or
 - (d) a written certification from such Scheme Creditor's lawyer or attorney as to the fact of the Substantive Judgment and as to its precise terms, in a form reasonably satisfactory to Sovereign and the FSCS;

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

12.10.5.2 in the case of notice of an event under clause 12.10.2.2(b), a copy of the Final Settlement, signed by or on behalf of all the parties thereto, certified as accurate by such Scheme Creditor, or, where no such document exists, such other documentary evidence as is available, certified as accurate by such Scheme Creditor, of the Final Settlement and its terms, together with legible copies of any orders, judgments, decisions or awards made by a court or tribunal in proceedings between such Scheme Creditor and the relevant Sovereign Co-Insurers relating to the claim in question; and

12.10.5.3 in the case of notice of an event under clause 12.10.2.2(c):

- (a) (where applicable) a legible copy of the relevant order, judgment, decision or award, certified by the issuing tribunal; or
- (b) (where applicable) a legible copy of the relevant order, judgment, decision or award, certified as accurate by such Scheme Creditor; or
- (c) (where applicable) a legible copy of the transcript of the relevant order, judgment, decision or award, either certified by the issuing tribunal or certified as accurate by such Scheme Creditor; or
- (d) a written certification from such Scheme Creditor's lawyer or attorney as to the fact of the stay, restraint or Default Judgment in question and as to its precise terms, in a form reasonably satisfactory to Sovereign.

The items set out in clauses 12.10.5.1(a) to 12.10.5.1(d) above and clauses 12.10.5.3(a) to 12.10.5.3(d) above are in order of priority, so that the delivery to Sovereign by the Scheme Creditor of one of these items will suffice for the purposes of this clause 12.10.5 only if none of the preceding items is available.

12.10.6 Where a Substantive Judgment has been obtained as is referred to in clause 12.10.2.2(a) or a Final Settlement has been entered into as is referred to in clause 12.10.2.2(b) and following receipt by Sovereign of the documents

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

referred to in clauses 12.10.1 and 12.10.4, Sovereign (in consultation with the FSCS) shall make all reasonable efforts to reach agreement as to such Scheme Creditor's Protected Scheme Claim on the basis of the Substantive Judgment or Final Settlement provided that, in so doing, Sovereign (in consultation with the FSCS) shall take into account:

12.10.6.1 the similarity of interests of Sovereign and Sovereign Co-Insurer(s) party to the Substantive Judgment or Final Settlement; and

12.10.6.2 any material difference in the defences relied on by or claims made by Sovereign Co-Insurer(s) in the relevant Proceeding and the defences or cross-claims which would or might be available to Sovereign in relation to the Protected Scheme Claim:

12.10.7 If and to the extent that a Scheme Creditor obtains against Sovereign in relation to a Protected Scheme Claim an order, judgment, decision or award of a court or tribunal in contravention of clauses 12.10.1, 12.10.2 or 12.10.4, such order, judgment, decision or award shall not give rise to an Agreed Protected Claim and shall be disregarded when determining the liability of the FSCS in respect of the Scheme Claim.

12.10.8 For the purposes of this clause 12.10.8, Sovereign shall not be deemed to be continuing any Proceeding which commenced prior to the Effective Date and in which Sovereign is not actively prosecuting its claims.

12.10.8.1 Subject to clause 13.3.3.12 nothing in the Scheme shall preclude Sovereign from either:

- (a) commencing or continuing any Proceeding against a Scheme Creditor; or
- (b) seeking to be joined into any subsisting Proceeding between a Scheme Creditor and a Sovereign Co-Insurer as an additional party thereto.

12.10.8.2 Where Sovereign commences, continues or is joined into any Proceeding against a Scheme Creditor as aforesaid, and without prejudice to the Scheme Creditor's rights of set-off under the Scheme and the Scheme Creditor's right to argue that the

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

Proceeding in question has been commenced or is continuing in an inappropriate forum, nothing in the Scheme shall preclude the Scheme Creditor from asserting and prosecuting against Sovereign in that Proceeding (whether by way of claim or counterclaim) a Protected Scheme Claim so long as:

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

12.11 Enforcement against Sovereign

Where the FSCS is under an obligation under clause 12.1 to pay a Protected Policyholder in respect of its Agreed Protected Claim the amount set out in clause 12.1, that Protected Policyholder shall have no right of recourse against Sovereign for payment of any sum (including, without limitation, the enforcement of any Proceedings brought against Sovereign pursuant to clause 12.10) in respect of that Agreed Protected Claim.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

13. SCHEME ADMINISTRATORS OF SOVEREIGN

13.1 Qualification, appointment and resignation

13.1.1 The Scheme Administrators shall have the powers, rights and duties in relation to Sovereign conferred upon them by the Scheme. A Scheme Administrator shall be an individual qualified to act as an insolvency practitioner within the meaning of section 390 of the Insolvency Act.

13.1.2 A Scheme Administrator may resign his appointment at any time by giving not less than six months' notice in writing to Sovereign, the FSCS and to the Creditors' Committee, which period of notice may be reduced by agreement with the Creditors' Committee.

13.2 Power to act jointly or severally

Where more than one person has been appointed as a Scheme Administrator, the functions and powers of the Scheme Administrators under the Scheme may be performed and exercised jointly or severally and any act required to be done by the Scheme Administrators pursuant to the Scheme may be done by all or any one or more of them.

13.3 Functions and powers

13.3.1 The Scheme Administrators shall:

13.3.1.1 supervise and manage the run-off of Protected Scheme Claims until the Completion Date or Notification Date;

13.3.1.2 realise the assets of Sovereign and apply them for the benefit of Scheme Creditors in accordance with the Scheme; and

13.3.1.3 supervise the carrying out of the Scheme in accordance with its terms in relation to Sovereign,

and for these purposes shall:

13.3.1.4 have power in the name and on behalf of Sovereign to manage the affairs, business and property of Sovereign; and

13.3.1.5 without prejudice to the generality of the foregoing, have the powers specified in clause 13.3.3.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

- 13.3.2 Any function of or power conferred on Sovereign or its officers, whether by statute or by its memorandum or articles of association, which could be exercised in such a way as to interfere with the exercise by the Scheme Administrators of their functions and powers in relation to Sovereign shall not be exercisable except with the consent of the Scheme Administrators, which may be given either generally or in relation to particular cases (provided however that nothing in this clause 13.3.2 shall relieve the Board from its duty to act in accordance with the Act).
- 13.3.3 Without prejudice to the generality of clause 13.3.1, in carrying out their functions and powers under the Scheme, the Scheme Administrators shall be entitled:
- 13.3.3.1 to agree claims and process reinsurance recoveries as part of the administration of Sovereign's business;
 - 13.3.3.2 to take possession of, collect and get in all the property and assets (of whatever nature) to which Sovereign is or appears to be entitled and to do all such things as may be necessary for the realisation of any such property or assets;
 - 13.3.3.3 to have full access at all times to all books, papers and other documents of Sovereign, to receive all such information as they may require in relation to its affairs and to receive notice of and attend all meetings of the Board;
 - 13.3.3.4 to do all things which may be necessary or expedient for the protection of Sovereign's assets or of any assets that appear to belong to Sovereign;
 - 13.3.3.5 to bring, defend, intervene in or take any other step in any proceedings or other judicial, quasi-judicial, administrative or regulatory process in the name and on behalf of Sovereign or otherwise;
 - 13.3.3.6 to be remunerated in accordance with clause 14.4.4 for the carrying out of such functions and powers and to be reimbursed for all expenses properly incurred by them in connection therewith;

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

- 13.3.3.7 to employ and remunerate accountants, actuaries, lawyers and other professional advisers or agents in connection with the conduct of their functions and powers under the Scheme;
- 13.3.3.8 to give directions to the Board and the shareholders of Sovereign in relation to the exercise by them of their rights and powers in connection with Sovereign;
- 13.3.3.9 to do all acts and to execute in the name and on behalf of Sovereign any deed, receipt or other document and to use Sovereign's seal;
- 13.3.3.10 to make any payment which is necessary or incidental to the performance of their functions and to give a valid discharge for amounts received by Sovereign;
- 13.3.3.11 to delegate to any person (being, other than in the case of delegation to the Scheme Conflicts Administrator, a partner in the same firm as a Scheme Administrator) qualified to act as an insolvency practitioner as mentioned in clause 13.1.1 and approved for the time being by the Creditors' Committee for the purposes of this clause 13.3.3.11, all or any of the functions, powers, rights, authorities and discretions conferred upon the Scheme Administrators under the Scheme and from time to time to revoke any such delegation (other than in the case of delegation to the Scheme Conflicts Administrator which shall be, subject to the provisions of any such agreement as is referred to in clause 13.5, irrevocable), provided that (other than in the case of delegation to the Scheme Conflicts Administrator) the Scheme Administrators shall be personally responsible for any act or omission of any such Delegate to the same extent as if they had expressly authorised it;
- 13.3.3.12 to the extent that the Court has jurisdiction, to apply, or to cause Sovereign to apply, to the Court for directions in relation to any particular matter arising in the course of the Scheme, but no such application shall be made for directions or proceedings commenced concerning the interpretation or construction of any provision of the Policyholders Protection Act, the FSCS Rules or the Transitional Order whether as such or as it applies to the obligations of the

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

FSCS under, or as otherwise incorporated into, the Scheme, unless the FSCS, in its absolute discretion, consents;

13.3.3.13 to attend meetings of the Creditors' Committee (subject to the provisions of clause 14.3.3);

13.3.3.14 to issue instructions or directions to the Scheme Manager without prejudice to the duties and powers of the Scheme Manager pursuant to the Scheme;

13.3.3.15 to terminate, vary, renegotiate and replace the agreement with the Scheme Manager (with the prior agreement of the FSCS in so far as any exercise of this power might affect the administration of Protected Scheme Claims);

13.3.3.16 to pay the Scheme Manager in accordance with the terms of any relevant agreement;

13.3.3.17 generally to supervise the Scheme Manager in accordance with the terms of the relevant agreement;

13.3.3.18 by notice in writing:

(a) to direct the Trustee and Willis Group Limited to appoint any person who is willing to act as a director of Sovereign; and

(b) to direct the Trustee, to remove any person as a director of Sovereign;

and the Trustee shall act in accordance with any such direction;

13.3.3.19 without prejudice to clauses 13.4, 14.6 and 15.1, to cause Sovereign to declare that Sovereign shall henceforth hold all the assets of Sovereign upon trust (whether alone or with others) to apply the same in accordance with the terms of the Scheme and to execute any deed or document on behalf of Sovereign necessary or desirable to give effect to the trust;

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

13.3.3.20 to report to Scheme Creditors at such times and in such manner as they see fit; and

13.3.3.21 to do all other things incidental to the exercise of the functions and powers referred to in this clause 13.3.3 and in clause 13.3.1.

13.3.4 In carrying out their functions and exercising their powers under the Scheme, the Scheme Administrators shall consult with, and take account of the views expressed by the Creditors' Committee on any matter material to the Scheme. The Scheme Administrators (whilst they are still in office) shall consult with and take into account the views of the FSCS concerning the administration of Protected Scheme Claims after the Completion Date.

13.4 Responsibility and indemnity

13.4.1 In carrying out their functions and exercising their powers under the Scheme, the Scheme Administrators shall act in good faith and with reasonable care in the interests of Scheme Creditors as a whole and shall use their powers under the Scheme for the purpose of ensuring that the Scheme is operated in accordance with its terms.

13.4.2 No Scheme Creditor shall be entitled to challenge the validity of any act done or omitted to be done in good faith and with reasonable care by the Scheme Administrators in accordance with and to implement the provisions of the Scheme or the exercise by the Scheme Administrators in good faith and with reasonable care of any power conferred upon them in accordance with and for the purpose of implementing the provisions of the Scheme, and the Scheme Administrators shall not be liable for any loss or damage unless such loss or damage is attributable to their own negligence, default, breach of duty, breach of trust, fraud or dishonesty (or to that of any Employee or Delegate other than the Scheme Conflicts Administrator).

13.4.3 No Scheme Creditor shall be entitled to challenge the validity of any act done or omitted to be done in good faith and with reasonable care by any Employee of the Scheme Administrator in accordance with and to implement the provisions of the Scheme and no Employee of the Scheme Administrator shall be liable for any loss or damage unless such loss or damage is attributable to

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

his own negligence, default, breach of duty, breach of trust, fraud or dishonesty.

13.4.4 No Scheme Creditor shall be entitled to challenge the validity of any act done or omitted to be done in good faith and with reasonable care by any Delegate in accordance with and to implement the provisions of the Scheme or the exercise by such Delegate in good faith and with reasonable care of any power conferred upon the Scheme Administrators for the purposes of the Scheme if exercised in accordance with and to implement the provisions of the Scheme and no Delegate shall be liable for any loss or damage unless such loss or damage is attributable to his own negligence, default, breach of duty, breach of trust, fraud or dishonesty (or to that of any Employee of the Scheme Administrators).

13.4.5 Subject to the Act, each Scheme Administrator (in his capacity as such) and each Employee of the Scheme Administrators and Delegate shall be entitled to an indemnity out of the assets of Sovereign against:

13.4.5.1 all actions, claims, Proceedings and demands brought or made against such Scheme Administrator (or Employee of the Scheme Administrators or Delegate) and any Liability arising therefrom in respect of any act done or omitted to be done by such Scheme Administrator (or Employee of the Scheme Administrators or Delegate) in good faith without negligence, default, breach of duty, breach of trust, fraud or dishonesty in the course of implementing the Scheme in accordance with its terms; and

13.4.5.2 all expenses and Liabilities properly incurred by such Scheme Administrator (or Employee of the Scheme Administrators or Delegate) in carrying out his functions and powers (or the functions for which such Employee of the Scheme Administrators is employed by the Scheme Administrators or any Delegate) in the course of implementing the Scheme in accordance with its terms.

13.4.6 Without prejudice to the generality of clause 13.4.5, each such person as is expressed to be entitled to an indemnity in accordance with that clause (in the capacity in which he is entitled to such an indemnity) shall be entitled to an indemnity out of the assets of Sovereign:

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

- 13.4.6.1 against any Liability incurred by him in defending any proceedings, whether civil or criminal, in respect of any negligence, default, breach of duty, breach of trust, fraud or dishonesty in which judgment is given in his favour or in which he is acquitted; and
 - 13.4.6.2 in connection with any application in any such proceedings in which relief is granted to him by a court from liability for negligence, default, breach of duty, breach of trust, fraud or dishonesty in relation to the affairs of Sovereign.
- 13.4.7 Sovereign may, with the approval of the Creditors' Committee (such approval not to be unreasonably withheld or delayed):
- 13.4.7.1 purchase and maintain for any such person as is referred to in clause 13.4.5 insurance against any Liability in respect of which Sovereign would be obliged to indemnify that person in accordance with clauses 13.4.5 and 13.4.6; and
 - 13.4.7.2 pay any costs incurred by any such person as is referred to in clause 13.4.6 in defending proceedings of the nature described in clause 13.4.6 provided that Sovereign obtains from a Scheme Administrator an obligation to reimburse Sovereign (with interest) in respect of any sum which would not, in the event, have been payable by Sovereign under clause 13.4.6.

13.5 Procedure for the resolution of conflicts

Sovereign and the Scheme Administrators may from time to time, and after consultation with the Creditors' Committee, enter into such agreement as they consider appropriate to deal with disputes or conflicts that arise or may arise during the course of the Scheme, whether between Sovereign and the Scheme Administrators or between the Scheme Administrators themselves (in their professional capacity, whether as insolvency practitioners or otherwise, or because a resolution concerning the Scheme Administrators is to be put before a meeting of the Creditors' Committee pursuant to clause 14.4.3.1), which agreement may provide for the delegation in relation to a particular dispute or conflict of the Scheme Administrators' functions, powers, rights, authorities and discretion pursuant to clause 13.3.3.11 to a Scheme Conflicts Administrator to represent one or more of the parties to the dispute or conflict in question.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

14. THE CREDITORS' COMMITTEE OF SOVEREIGN

14.1 Constitution of the Creditors' Committee

14.1.1 There shall be a Creditors' Committee in respect of Sovereign under the Scheme which shall consist of:

14.1.1.1 not less than three nor more than nine persons unless the Scheme Administrators in consultation with the Creditors' Committee agree otherwise; and

14.1.1.2 the FSCS.

14.1.2 The following shall be eligible for appointment as Committee Members:

14.1.2.1 any Scheme Creditor, or authorised representative of any one or more Scheme Creditors, whether an individual, a body corporate or a partnership (subject to the aggregate value of that person's Scheme Claims and the Scheme Claims of any persons for whom he is authorised to act under this clause 14.1.2 being in excess of 100,000 US Dollars or the equivalent in another currency converted at the Scheme Rate on the date of such appointment); and

14.1.2.2 any other person with the written consent of the Scheme Administrators;

in either case being a person not ineligible by reason of clauses 14.2.5 to 14.2.8 inclusive.

14.1.3 The FSCS shall be entitled to appoint an FSCS Representative to represent it at meetings of the Creditors' Committee. The FSCS may from time to time remove an FSCS Representative and appoint another person in his place by written notice to the Creditors' Committee signed by the chairman for the time being of the FSCS.

14.1.4 An FSCS Alternate shall be entitled to attend and vote at any meeting of the Creditors' Committee in place of the FSCS Representative.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

14.1.5 Any Nominated Representative or Alternate shall have the same powers and shall be subject to the same duties and limitations as the Committee Member whom the Nominated Representative or Alternate represents. The FSCS Representative and FSCS Alternate shall have the same powers and be subject to the same duties and limitations as the FSCS in its capacity as a Committee Member.

14.2 Membership of the Creditors' Committee

14.2.1 The initial Creditors' Committee shall consist of the members of the Creditors' Committee in office pursuant to the terms of the Original Sovereign Scheme at the Effective Date.

14.2.2 The Creditors' Committee may resolve at any time, by a majority of two-thirds of the Committee Members present at a meeting of the Creditors' Committee, to appoint any person who is eligible by virtue of clause 14.1.2 to be so appointed, and not ineligible by reason of any matter referred to in clause 14.2.5, to be a Committee Member, whether to fill a vacancy or as an additional Committee Member, but so that the total number of Committee Members shall not exceed the maximum number specified in clause 14.1.1. In appointing additional Committee Members, the Creditors' Committee shall endeavour to ensure that the composition of the Creditors' Committee is such that it represents a proper balance of the interests of Scheme Creditors as a whole.

14.2.3 The Creditors' Committee may resolve at any time, by a majority of two-thirds of the Committee Members present at a meeting of the Creditors' Committee, to remove any Committee Member (other than the FSCS) from office.

14.2.4 No person shall be appointed as a Committee Member at any meeting of the Creditors' Committee unless the gross value of that person's Scheme Claims and the Scheme Claims of any persons for whom he is authorised to act under clause 14.1.2 is in excess of 100,000 US Dollars (or the equivalent in another currency calculated at the Scheme Rate at the date of the proposed appointment) on the date of his recommendation pursuant to clause 14.2.4.1 or his proposal pursuant to clause 14.2.4.2 and:

14.2.4.1 he is recommended by the Creditors' Committee; or

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

- 14.2.4.2 not less than seven and not more than 28 clear days before the date appointed for the meeting of the Creditors' Committee, a notice executed by a Committee Member qualified to vote at the meeting has been given to all members of the Creditors' Committee of the intention to propose that person for appointment together with a written notice signed by that person of his willingness to be appointed.
- 14.2.5 The office of a Committee Member (other than the FSCS) shall be vacated if any of the situations set out in clauses 14.2.6 to 14.2.8 applies or if that Committee Member:
- 14.2.5.1 resigns by notice in writing addressed to the Creditors' Committee;
or
- 14.2.5.2 is removed from office by the Creditors' Committee in accordance with clause 14.2.2; or
- 14.2.5.3 is convicted of an indictable offence (other than offences in relation to road traffic); or
- 14.2.5.4 subject to clause 14.1.2.2 ceases to be (or is found never to have been) a Scheme Creditor or an authorised representative of a Scheme Creditor; or
- 14.2.5.5 fails to attend three consecutive meetings of the Creditors' Committee, unless the Creditors' Committee (excluding that Committee Member) resolves by a majority of two-thirds of the Committee Members present at a meeting of the Creditors' Committee that he should continue as a Committee Member.
- 14.2.6 In the case of an individual, the office of a Committee Member shall be vacated if that individual:
- 14.2.6.1 dies; or
- 14.2.6.2 becomes bankrupt under the law of any jurisdiction to which he is subject; or
- 14.2.6.3 becomes mentally disordered; or

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

- 14.2.6.4 becomes disqualified from acting as a director under the law of any jurisdiction to which he is subject.
- 14.2.7 In the case of a body corporate or partnership, the office of a Committee Member shall be vacated if that body corporate or partnership is dissolved.
- 14.2.8 In the case of a person appointed with the consent of the Scheme Administrators under clause 14.1.2.2, the office of a Committee Member shall be vacated if that person has his written consent under clause 14.1.2.2 revoked by the Scheme Administrators.
- 14.2.9 The FSCS may resign by notice in writing to the Creditors' Committee at Sovereign's registered office and signed by the chairman for the time being of the FSCS.
- 14.2.10 Any person entitled to appoint a Nominated Representative or an Alternate may from time to time revoke that appointment and appoint another Nominated Representative or Alternate by notice in writing to the Creditors' Committee at Sovereign's registered office.
- 14.2.11 The appointment of a Nominated Representative or an Alternate (as the case may be) shall terminate automatically if:
- 14.2.11.1 his appointment is revoked by his appointor; or
 - 14.2.11.2 the person whom that Nominated Representative or Alternate represents ceases to be a Committee Member; or
 - 14.2.11.3 the Nominated Representative or Alternate ceases to be a senior executive, senior employee or professional adviser of the Committee Member whom he represents; or
 - 14.2.11.4 the Nominated Representative or Alternate dies, becomes mentally disordered, bankrupt or is disqualified from acting as a director in each case under the law of any jurisdiction to which he is subject or is convicted of an indictable offence (other than offences in relation to road traffic).

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

14.2.12 The appointment of the FSCS Alternate may be revoked by the chairman for the time being of the FSCS or the FSCS Representative by giving written notice of such revocation to the Creditors' Committee.

14.3 Proceedings of the Creditors' Committee

14.3.1 Save as otherwise specifically provided in the Scheme, the Creditors' Committee may convene, adjourn and otherwise regulate its meetings in such manner as it shall consider appropriate. Subject to clause 14.3.5 the quorum at any meeting of the Creditors' Committee shall be at least two-thirds of the Committee Members, provided that if a quorum is not present within 30 minutes from the time appointed for a meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to such time and place as may be determined by the majority of the Committee Members present and notified to all Committee Members in accordance with clause 14.3.2. The Committee Members present at any such adjourned meeting when it is reconvened shall constitute a quorum. Each Committee Member shall have one vote and, except as otherwise provided in the Scheme, matters arising at a meeting shall be decided by a majority of votes cast at the meeting.

14.3.2 The Creditors' Committee shall meet once in each calendar year for the purpose of receiving a report from the Scheme Administrators on the progress of the Scheme in such form as the Scheme Administrators shall deem appropriate. The Creditors' Committee shall hold such further meetings as it shall consider desirable for the purpose of performing its functions under the Scheme. A meeting of the Creditors' Committee shall be called as soon as reasonably practicable if so requested by at least three Committee Members or if the Scheme Administrators otherwise consider it appropriate. Except with the consent of all Committee Members and the Scheme Administrators, no meeting of the Creditors' Committee may be called on less than 14 clear days' notice and, except with the consent of all Committee Members, no business may be transacted at any such meeting other than that set out in the notice of that meeting.

14.3.3 Each Committee Member and the Scheme Administrators (or their representative) shall be entitled to receive notice of all meetings of the Creditors' Committee. The Scheme Administrators shall be entitled to attend and speak, but not to vote, at all meetings of the Creditors' Committee. If so

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

requested by the Creditors' Committee, a Scheme Administrator (or his representative) shall absent himself from such part of a meeting of the Creditors' Committee as the Creditors' Committee may specify.

14.3.4 Proper minutes shall be kept of all proceedings of the Creditors' Committee and such minutes shall at all reasonable times be open to inspection by (subject to clause 14.5.2) any Committee Member. Copies of such minutes shall be sent as soon as practicable after their preparation to the Scheme Administrators.

14.3.5 A Committee Member and a Scheme Administrator may participate in a meeting of the Creditors' Committee by telephone or similar form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person participating in this way is deemed to be present in person at the meeting and, in the case of a Committee Member, is counted in a quorum and entitled to vote. All business transacted in this way by the Creditors' Committee is deemed to be validly and effectively transacted at a meeting of the Creditors' Committee even if fewer than two-thirds of the Committee Members are physically present at the same place.

14.3.6 The Scheme Administrators may submit a proposed resolution to the Creditors' Committee by fax or E-mail, together with an explanation of why the Scheme Administrators consider that the resolution is necessary. In the event that the Scheme Administrators have not received notice in writing from a Committee Member of its vote on the resolution within 14 days of having submitted it, the resolution shall be deemed to have been approved by that Committee Member. The Scheme Administrators may reduce the period of 14 days referred to in this clause 14.3.6 to a period not less than two Business Days, provided that they make reasonable attempts to contact the Committee Members during that period.

14.4 Functions

14.4.1 Without prejudice to the specific provisions of this clause 14.4, the Creditors' Committee shall, where requested by the Scheme Administrators, comment on the exercise by the Scheme Administrators of their functions and powers under the Scheme.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

14.4.2 The Creditors' Committee may from time to time resolve what information it is desirable to seek from the Scheme Administrators concerning the affairs of Sovereign or the operation of the Scheme, and may depute any one Committee Member to apply in writing to and receive from the Scheme Administrators any or all such information. The Scheme Administrators shall, so far as they are able, promptly give to the Creditors' Committee all such information concerning the affairs of Sovereign or the operation of the Scheme as the Creditors' Committee shall from time to time resolve to seek and in respect of which a written request shall have been received by the Scheme Administrators. Each Committee Member shall be entitled at any time to raise questions or to request a meeting with the Scheme Administrators in connection with the performance of his responsibilities as a Committee Member and, subject to their duties under the Scheme, the Scheme Administrators shall use reasonable endeavours to respond to such questions or to comply with any such request for a meeting. Notwithstanding the preceding provisions of this clause 14.4.2, the Scheme Administrators shall not be obliged to disclose any confidential information of Sovereign to a Committee Member if the information relates to any matter where such Committee Member has an interest in conflict with Sovereign (other than a general conflict arising as a result of the status of the Committee Members (or their appointors) as Scheme Creditors).

14.4.3 The Creditors' Committee shall be entitled:

14.4.3.1 by a resolution passed by a majority of all of the Committee Members for the time being at any time to call upon a Scheme Administrator to resign, provided that such Scheme Administrator has been given at least 28 days' notice of the proposed resolution and of the reasons why the resolution is to be put to the Creditors' Committee and has been given a reasonable opportunity to make representations at the meeting at which the resolution is proposed; and

14.4.3.2 upon removal of a Scheme Administrator or if a Scheme Administrator ceases to hold office for any other reason, to appoint any person qualified to act under clause 13.1.1 to be a Scheme Administrator in his place.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

14.4.4 The Creditors' Committee shall consider and, if thought fit, approve (such approval not to be unreasonably withheld or delayed), on behalf of Sovereign, the level and payment of the fees and expenses of the Scheme Administrators from time to time, and such function may, with the prior written consent of the Scheme Administrators, be delegated to one or more Committee Members.

14.4.5 The Creditors' Committee shall, so far as it is able, ensure that there is a Scheme Administrator in office at all times.

14.5 Duties

14.5.1 Each Committee Member, each Nominated Representative, the FSCS Representative, each Alternate and the FSCS Alternate shall, in performing their functions as such in relation to Sovereign, act in good faith in the interests of the Scheme Creditors as a whole.

14.5.2 It shall be the duty of each Committee Member who is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with Sovereign (other than any which arises as a result of the provisions of the Scheme) to declare (or procure that its Nominated Representative or Alternate, or in the case of the FSCS, the FSCS Representative or FSCS Alternate, shall declare) the nature of his or its interest at a meeting of the Creditors' Committee. For this purpose a general notice given to the Creditors' Committee to the effect that a Committee Member is an associate (within the meaning of section 435 of the Insolvency Act) of a specified company or firm and is to be regarded as interested in any contract with that company or firm shall be deemed a sufficient declaration of interest in relation to any such contract or arrangement. Such a Committee Member shall not be counted in the quorum, shall not be entitled to vote in relation to any matter relating specifically to any such contract, shall retire from the meeting for so long as the matter is discussed and voted upon and shall not receive any information, nor be entitled to inspect any part of the minutes of a meeting of the Creditors' Committee, relating thereto.

14.5.3 Each Nominated Representative or Alternate shall be entitled to report to the Committee Member appointing him, and each authorised representative shall be entitled to report to the Scheme Creditors appointing it, on the proceedings of the Creditors' Committee and, so far as necessary for that purpose, to

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

disclose confidential information of Sovereign to those officers, Employees and professional advisers of that member or appointor who need to know it in connection with (where a Nominated Representative or Alternate is disclosing information) the performance of its responsibilities as a Committee Member, or (where an authorised representative is disclosing information) the performance of the authorised representative's responsibilities as a Committee Member, provided that such information does not to his or its knowledge (after due enquiry) relate to any matter where any such appointor has an interest in conflict with Sovereign (other than a general conflict arising as the result of the status of Committee Members or the appointors of an authorised representative as Scheme Creditors). Each Committee Member other than the FSCS shall, and shall procure that its Nominated Representative or Alternate and its officers, Employees and professional advisers shall, and where such Committee Member is an authorised representative shall procure that its appointors and their officers, Employees and professional advisers shall, preserve the confidentiality of such information and shall use such information only for the purposes of their performing their responsibilities and functions (or their authorised representative's responsibilities and functions) in relation to the Creditors' Committee.

14.5.4 The FSCS Representative and the FSCS Alternate shall be entitled to report to the FSCS on the proceedings of the Creditors' Committee to disclose confidential information of Sovereign to the members of the FSCS, provided that such information does not to his knowledge (after due enquiry) relate to any matter where the FSCS has an interest in conflict with Sovereign (other than any general conflict arising as a result of the status of the FSCS as a Scheme Creditor). Without prejudice to clauses 12.4.1 and 12.4.2, the FSCS shall, and shall procure that the FSCS Representative, FSCS Alternate and the individual members of the FSCS shall, preserve the confidentiality of such information.

14.6 Responsibility and indemnity

14.6.1 No Scheme Creditor shall be entitled to challenge the validity of any act done or omitted to be done in good faith by any Committee Member (or Nominated Representative, FSCS Representative, Alternate or the FSCS Alternate or any PPB Representative or PPB Alternate under the Original Sovereign Scheme) in

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

accordance with and for the purpose of implementing the provisions of the Scheme or the exercise by any such person in good faith of any power conferred upon it or him by or for the purposes of the Scheme if exercised in accordance with and for the purpose of implementing the provisions of the Scheme and no such person shall be liable for any loss or damage unless such loss or damage is attributable to its or his own fraud or dishonesty.

14.6.2 Subject to the Act, each Committee Member and each member of the Creditors' Committee established pursuant to the Original Sovereign Scheme (and each Nominated Representative, FSCS Representative, Alternate and the FSCS Alternate) (in each case in their capacity as such) shall be entitled to an indemnity out of the assets of Sovereign and to be held harmless by Sovereign against all actions, claims, Proceedings and demands brought or made against it or him, and any Liability therefrom and costs incurred in connection therewith, in respect of any act done or omitted to be done in relation to Sovereign in good faith by such person in the course of his membership of the Creditors' Committee or, as the case may be, the Original Sovereign Scheme Creditors' Committee. Where such indemnity applies Sovereign shall, where it is able to do so, pay any costs as are subject to the indemnity on behalf of the person with the benefit of the indemnity.

14.6.3 Without prejudice to the generality of clause 14.6.2, each such person as is expressed to be entitled to an indemnity in accordance with that clause (in the capacity in which it or he is entitled to such an indemnity) shall be entitled to an indemnity out of the assets of Sovereign:

14.6.3.1 against any Liability incurred by it or him in defending any proceedings, whether civil or criminal, in respect of any wilful default, fraud, dishonesty or wilful breach of duty or trust in relation to Sovereign in which judgment is given in its or his favour or in which it or he is acquitted; or

14.6.3.2 in connection with any application in any such proceedings in which relief is granted to it or him by a court from liability for fraud or dishonesty in relation to the affairs of Sovereign.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

14.6.4 Sovereign may, with the approval of the Creditors' Committee (such approval not to be unreasonably withheld or delayed):

14.6.4.1 purchase and maintain for any such person as is referred to in clause 14.6.2 insurance against any Liability in respect of which Sovereign would be obliged to indemnify that person in accordance with clauses 14.6.2 and 14.6.3; and

14.6.4.2 pay costs incurred by any such person as is referred to in clause 14.6.2 in defending any actions, claims, Proceedings and demands of the nature described in clauses 14.6.2 and 14.6.3 which relate to Sovereign provided that Sovereign obtains from such person (or, where such person is a Nominated Representative, FSCS Representative, an Alternate or the FSCS Alternate, the Committee Member which such person represents) an obligation to reimburse Sovereign (with interest) in respect of any sum which would not, in the event, have been payable by Sovereign under those clauses.

14.7 Validation of acts

All acts done by the Creditors' Committee and the Creditors' Committee established pursuant to the Original Sovereign Scheme or any meeting of the Creditors' Committee in either case, or any person acting as a Committee Member or as a Nominated Representative, FSCS Representative, Alternate or FSCS Alternate (or any PPB Representative or PPB Alternate under the Original Sovereign Scheme) shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of a Committee Member or person acting as aforesaid, or that any of them were disqualified, be valid as if every such person had been duly appointed and qualified.

14.8 Expenses

Each member of the Creditors' Committee, each Nominated Representative, the FSCS Representative, each Alternate and the FSCS Alternate shall be entitled to be reimbursed by Sovereign for their reasonable expenses incurred in attending meetings of the Creditors' Committee, provided that such meetings are held in London or New York or in such other place as the Scheme Administrators may from time to time agree.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

14.9 No Creditors' Committee

14.9.1 If at any time there are less than three members of the Creditors' Committee then the Creditors' Committee may continue to exercise all its functions under the Scheme (other than those provided for in clause 14.4.3.1) for a period of 28 days, during which time the remaining Committee Members shall endeavour to fill the vacancies on the Creditors' Committee. If they shall fail to do so within such period of 28 days, the Scheme Administrators shall, within a further 14 days, appoint such Interim Appointees as are required to fill such vacancies. In appointing any such Interim Appointees, the Scheme Administrators shall endeavour to ensure that the composition of the Creditors' Committee including such Interim Appointees is such as to secure a proper balance of the interests of the Scheme Creditors as between themselves in relation to Sovereign. In the event of such vacancies being filled, whether by appointees of the Creditors' Committee or by Interim Appointees, the full powers and functions of the Creditors' Committee under the Scheme will be restored, provided that no Interim Appointee shall be entitled to vote in relation to any resolution to appoint an additional Committee Member. Any Interim Appointee will be liable to be removed as a Committee Member at any time without notice if the Creditors' Committee (excluding any Interim Appointees) appoints a Scheme Creditor or authorised representative to fill the vacancy which had been filled by such Interim Appointee (and the members of the Creditors' Committee (excluding any Interim Appointees) shall use their reasonable endeavours to fill any such vacancy accordingly as soon as possible).

14.9.2 If, following the procedure set out in clause 14.9.1, there are less than three Committee Members (including Interim Appointees appointed under clause 14.9.1) then, for so long as that is the case, the Creditors' Committee shall not exercise any functions or have any powers under the Scheme and the following provisions shall apply:

14.9.2.1 the Scheme Administrators shall use all reasonable endeavours to find additional Committee Members to enable it to function;

14.9.2.2 the remuneration of the Scheme Administrators shall be payable at the same rate at which it had last been set by the Creditors' Committee unless and until varied by the Scheme Creditors; and

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

14.9.2.3 the requirements for obtaining the consent, approval or agreement of and for consulting with or notifying the Creditors' Committee contained in the definition of "Review Date" and clauses 11.2.6, 13.1.2, 13.3.3.11, 13.3.4, 13.4.7, 13.5, 14.6.4, 15.1.8, 15.2.3, 15.2.4 and 16.1.1.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

15. THE BOARD AND THE SHAREHOLDERS OF SOVEREIGN

15.1 The Board of Sovereign

- 15.1.1 The Board of Sovereign shall consist of such directors as shall have been nominated from time to time by the Scheme Administrators.
- 15.1.2 The Scheme Administrators shall ensure that the composition of the Board of Sovereign complies with the Act.
- 15.1.3 The Trustee shall, when called upon to do so by the Scheme Administrators, forthwith take such steps as lie within its power to appoint or remove (as the Scheme Administrators may direct) any director of Sovereign who has been nominated (or is to be treated as having been nominated) by the Scheme Administrators.
- 15.1.4 The powers of the Board of Sovereign shall be restricted in the manner described in clause 13.3.2.
- 15.1.5 No Scheme Creditor shall be entitled to challenge the validity of any act done or omitted to be done in good faith and with due care by Sovereign or any member of the Board of Sovereign in accordance with and to implement the provisions of the Scheme or the exercise by any such person in good faith and with due care of any power conferred upon him for the purposes of the Scheme if exercised in accordance with and to implement those provisions and no such person shall be liable for any loss or damage unless such loss or damage is attributable to his negligence, default, breach of duty, breach of trust, fraud or dishonesty.
- 15.1.6 Subject to the Act, each director of Sovereign (in his capacity as such) shall be entitled to an indemnity out of the assets of Sovereign against:
- 15.1.6.1 all actions, claims, Proceedings and demands brought or made against him, and any Liability arising therefrom, in respect of any act done or omitted to be done in good faith without negligence, default, breach of duty, breach of trust, fraud or dishonesty by such director in the course of implementing the Scheme in accordance with its terms; and

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

15.1.6.2 all expenses and Liabilities properly incurred by such director in carrying out his functions in the course of implementing the Scheme in accordance with its terms.

15.1.7 Without prejudice to the generality of clause 15.1.6 each director of Sovereign (in his capacity as such) shall be entitled to an indemnity out of the assets of Sovereign:

15.1.7.1 against any Liability incurred by him in defending any proceedings, whether civil or criminal, in respect of any negligence, default, breach of duty, breach of trust, fraud or dishonesty in relation to Sovereign in which judgment is given in his favour or in which he is acquitted; or

15.1.7.2 in connection with any application in any such proceedings in which relief is granted to him by a court from liability for negligence, default, breach of duty, breach of trust, fraud or dishonesty in relation to the affairs of Sovereign.

15.1.8 Sovereign may, with the approval of the Creditors' Committee (such approval not to be unreasonably withheld or delayed):

15.1.8.1 purchase and maintain for any director of Sovereign insurance against any Liability in respect of which Sovereign would be obliged to indemnify him in accordance with clause 15.1.7; and

15.1.8.2 pay costs incurred by a director of Sovereign in defending proceedings of the nature described in clause 15.1.7 which relate to Sovereign provided that Sovereign obtains from the director an obligation to reimburse Sovereign (with interest) in respect of any sum which would not, in the event, have been payable by Sovereign under clause 15.1.7.

15.2 The shareholders

15.2.1 For the avoidance of doubt the Trust Deed will remain effective notwithstanding the amendment of the Original Sovereign Scheme.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

- 15.2.2 Subject to the terms and provisions of the Trust Deed and subject to clauses 15.2.3 and 15.2.4, the Trustee:
- 15.2.2.1 upon being called upon to do so, shall take such steps as lie within its power to exercise or to have exercised on its behalf all rights and powers to which it or any nominee is entitled in relation to the shares in Sovereign (including, without limitation, rights and powers to appoint and dismiss directors, to vote at general meetings and to present a petition seeking an order that Sovereign be wound up by the Court) as the Scheme Administrators may direct; and
- 15.2.2.2 shall not exercise any of such rights and powers to which it is entitled, and shall direct any nominee not to exercise on its behalf such rights and powers, except at the direction of the Scheme Administrators.
- 15.2.3 Save with the consent of the Scheme Administrators and the Creditors' Committee and (if and whilst it is a beneficiary under the Trust Deed) of Willis Group Limited, the Trustee shall not sell, transfer or otherwise dispose of, encumber or create any interest in or deal with any of the shares in Sovereign.
- 15.2.4 The Trustee shall until the Completion Date, in relation to the shares in Sovereign which it holds, ensure, and in relation to any shares in Sovereign held on its behalf by a nominee direct the nominee to ensure, that no resolution for the voluntary winding-up of Sovereign shall be passed without the prior written consent of the Creditors' Committee and (if and whilst it is a beneficiary under the Trust Deed) of Willis Group Limited.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

16. COMPLETION AND RELEASE IN RELATION TO SOVEREIGN

16.1 Notice of impending completion

16.1.1 When it believes that the provisions of clauses 2, 11 and 12.9 have been complied with by Sovereign, the Scheme Manager or the Scheme Administrators, the Scheme Manager shall give notice to the Scheme Administrators to that effect. The Scheme Administrators, if they concur, shall, with the agreement of the Creditors' Committee determine the date on which the Scheme is to be declared complete and send written notice to all Scheme Creditors which were entitled to receive a Valuation Statement pursuant to clause 2.7.1 informing them of the proposed Completion Date at least 56 days before that date.

16.1.2 Any Scheme Creditor to which a notice pursuant to clause 16.1.1 has been sent, and which believes that in relation to its Scheme Claims the provisions of clauses 2 and 11 have not been complied with by Sovereign, the Scheme Manager or the Scheme Administrators, may give notice in writing to that effect to the Scheme Administrators to be received by them prior to the proposed Completion Date. Where such a notice is received by the Scheme Administrators prior to the proposed Completion Date, the Scheme Administrators shall investigate the matter and, pending the completion of such investigation, the Scheme shall not be treated as completed for, and the terms of clause 16.2 shall not apply to, that Scheme Creditor.

16.1.3 In respect of all other Scheme Creditors, the Scheme Administrator shall instruct the Scheme Manager, on the proposed Completion Date to issue a certificate of completion to Sovereign certifying that the Scheme has been implemented in accordance with its terms other than in respect of Protected Scheme Claims.

16.1.4 In relation to any Scheme Creditor from which notice has been received pursuant to clause 16.1.2:

16.1.4.1 the Scheme Administrators shall within 14 days send written notice to the Scheme Manager setting out the steps, if any, which they propose be taken in relation to the matter notified to them by the Scheme Creditor;

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

16.1.4.2 as soon as reasonably practicable after the steps proposed by the Scheme Administrators pursuant to clause 16.1.4.1 have been taken, or a notice is received from the Scheme Administrators indicating that no steps are to be taken, the Scheme Manager shall issue a certificate in the form referred to in clause 16.1.3 in relation to the relevant Scheme Creditor, and the Scheme will thereupon be complete in relation to that Scheme Creditor and the provisions of clause 16.2 shall then apply to it.

16.2 Completion of the Scheme

16.2.1 Upon the issue of a written certificate pursuant to clause 16.1, in relation to the Scheme Creditors to whom it relates (except in relation to any Protected Scheme Claim) the Scheme shall be complete and save in relation to any fraud or dishonesty, and so far as the law permits, all obligations and Liabilities of the Sovereign Released Parties in connection with or pursuant to the Scheme shall cease and be released absolutely. Any such obligation which has not been fulfilled in accordance with the Scheme or the Original Sovereign Scheme by the Completion Date shall nonetheless be deemed to have been correctly and fully performed, and no Scheme Creditor shall have any claim in respect of it or any loss arising from it.

16.2.2 Except in relation to Protected Scheme Claims, following the Completion Date, no Scheme Creditor shall be entitled to any claim on, recovery from, or interest in, any Security Interest in respect of a Scheme Claim or otherwise to make any claim or receive payment in respect of a Scheme Claim.

16.2.3 The Scheme Manager shall display any certificate of completion on the Website from the date on which it was issued until the date 12 months after the issue of the last certificate of completion pursuant to clause 16.1.

16.2.4 Notwithstanding the provisions of clause 2.8.1.3:

16.2.4.1 Scheme Creditors shall, if so required by the Scheme Administrators, following the Completion Date, execute and send to the Scheme Administrators a deed of release of the Liabilities of the Sovereign Released Parties in respect of the Scheme (except for Sovereign's Liabilities in respect of Protected Scheme Claims), and

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

including, for the avoidance of doubt, the obligations of any guarantor of Sovereign's Liabilities in relation to Scheme Claims (except for any guarantee relating to Protected Scheme Claims), in a form reasonably satisfactory to the Scheme Administrators; and

16.2.4.2 each Scheme Creditor hereby irrevocably and unconditionally authorises Sovereign to execute such a deed on its behalf in the event that Sovereign does not receive one within 21 days of requesting it pursuant to clause 16.2.4.1.

16.2.5 The benefit of the right to call for a deed of release under clause 16.2.4 and the benefit of the rights to enforce the provisions of clause 16.2.2, insofar as they relate to claims or recoveries from guarantors, shall be held on trust by Sovereign for the Sovereign Released Parties in respect of Scheme Claims. These rights shall be enforceable by the beneficiaries of such trust as well as the trustee. The beneficiaries shall have sole and irrevocable power to replace the trustee.

16.2.6 The completion of the Scheme shall be without prejudice to:

16.2.6.1 any right of a Sovereign Released Party to an indemnity out of the assets of Sovereign arising under the Scheme or the Original Sovereign Scheme; and

16.2.6.2 all rights of the FSCS under or in connection with the Scheme;

and the provisions of this clause and clauses 12.2.5.3, 12.2.6, 12.5 and 12.7.3 shall continue in full force and effect and the obligations of the FSCS to make payment under the Scheme in respect of Protected Scheme Claims shall continue.

16.2.7 In relation to any claim or potential claim against any of the Sovereign Released Parties whether or not notified prior to the Completion Date under clause 16.1.4.1, the Scheme Administrators will be entitled to set aside or place in trust, at such time and on such terms as they in their absolute discretion see fit, such sums out of the assets of Sovereign by way of reserves as are deemed appropriate to meet any obligation that Sovereign may at some future date have to pay. Sovereign may, with the approval of the Creditors' Committee (such approval not to be unreasonably withheld or delayed) purchase and maintain

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

for the benefit of the Sovereign Released Parties insurance against any Liability, which they might incur notwithstanding the release in clause 16.1.4.1 above or any Liability that they might incur in relation to fulfilling their obligations or functions under the Scheme howsoever arising, save in respect of any such Sovereign Released Party's fraud or dishonesty. For the avoidance of doubt, any such obligation or Liability referred to in this clause shall include, without limitation, costs of defence.

16.2.8 Any Post-Completion Trust shall be established on such terms as the Scheme Administrators shall determine for the purposes of complying with clause 16.2.7 including without limitation, terms providing for:

16.2.8.1 the remuneration of the trustees;

16.2.8.2 obligations concerning the distribution to Scheme Creditors of any surplus assets not required to meet any obligation of the trust;

16.2.8.3 a procedure for the identification of and payment to Scheme Creditors of such surplus; and

16.2.8.4 the ability to apply funds not claimed by Scheme Creditors to a registered charity.

16.2.9 Upon the completion of the Scheme in accordance with clauses 16.1.4.2 and 16.2.1, the Scheme Administrators shall, notwithstanding any provision of the Scheme to the contrary, be entitled to vacate their office with immediate effect and, for the avoidance of doubt shall, together with their Delegates and Employees, benefit from their release pursuant to clause 16.2.1 notwithstanding such vacation.

16.3 Effect of winding up

If Sovereign is wound up and, notwithstanding the provisions of the Scheme the Scheme does not continue in effect the following provisions shall apply:

16.3.1 the assets of Sovereign shall be applied in discharge of:

16.3.1.1 all its Liabilities that are given preference in its winding-up by virtue of the statute pursuant to which the winding-up is conducted;

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

16.3.1.2 all Liabilities proved in its winding-up in respect of all claims against it (which shall include, without limitation, Scheme Costs) other than Scheme Claims; and

16.3.1.3 Scheme Claims,

and to the extent that any such Liabilities are in excess of the amount of Sovereign's assets, they shall be paid in the order set out in this clause 16.3.1 and rateably within each category of Liabilities referred to in clauses 11.3.3, 11.3.4 and 11.3.5 above;

16.3.2 the entitlement to dividends in the winding-up of Sovereign of each Scheme Creditor who has received a payment under the Scheme in respect of a Net Ascertained Claim shall be determined as follows:

16.3.2.1 such Scheme Creditor shall be treated as having proved in the winding-up for the amount for which it actually proves in the winding-up increased by the Scheme Amount; and

16.3.2.2 such Scheme Creditor shall be treated as having received by way of dividend in the winding-up an amount equal to the Scheme Amount and shall not be entitled to any dividend in the winding-up unless and until all the Scheme Creditors proving in the winding-up have received an equivalent percentage dividend; but subject thereto

16.3.2.3 such Scheme Creditor shall be entitled to receive dividends in the winding-up of Sovereign (calculated by reference to the amount for which it is treated as having proved as aforesaid) *pari passu* with all the Scheme Creditors of Sovereign; and

16.3.3 accordingly:

16.3.3.1 for the purposes of any duty which the FSCS may owe under sections 6 to 8 of the Policyholders Protection Act in respect of any Liability of Sovereign towards a policyholder or other person arising out of a Scheme Claim, the amount of that Liability shall (subject to clause 12.2.5.3) be the amount for which that person shall be treated as having proved in the winding-up in respect of

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

such Scheme Claim, calculated in accordance with clause 16.3.2.1;
and

16.3.3.2 any amount treated as having been received by that person under clause 16.3.2.2 shall, for the purposes of section 14 of the Policyholders Protection Act, be treated as a payment referable to such Liability towards that person and as reducing any sum payable by the FSCS under the Policyholders Protection Act by reference to such Liability.

16.4 **Vacation of Office following an Insolvency Event**

16.4.1 If, following an Insolvency Event in relation to Sovereign, the Scheme Administrators reasonably consider, after consultation with the Creditors' Committee, that they cannot, by reason of the Insolvency Event, continue to fulfil their functions under the Scheme, the Scheme Administrators shall be entitled to vacate their office with immediate effect by written notice to the FSCS, the Scheme Manager and Sovereign and, save in relation to any fraud or dishonesty and, so far as the law permits, all Liabilities and obligations under or in connection with the Scheme of the Sovereign Released Parties (with the exception of Sovereign) shall cease and be released absolutely with effect from such notice (the "**Notification Date**").

16.4.2 Following an Insolvency Event, where applicable, the provisions of clauses 16.2.4, 16.2.5, 16.2.6, 16.2.7 and 16.2.8 shall apply as if the references to Completion Date therein were replaced by Notification Date as defined in clause 16.4.1.

THESE PROVISIONS RELATE TO SOVEREIGN ONLY

17. MODIFICATION OF THE SCHEME IN RELATION TO SOVEREIGN

17.1 General

Subject to clause 17.2, Sovereign may consent on behalf of all those concerned to any modification of or addition to the Scheme or any terms or conditions which the Court may think fit to approve or impose at any hearing of the Court to sanction the Scheme in accordance with section 425 of the Act.

17.2 FSCS

Any modification, term or condition as is referred to in clause 17.1 which, in the opinion of the FSCS, would directly or indirectly adversely affect the interest of the FSCS in the Scheme shall not take effect unless approved in writing by the FSCS.

APPENDIX A

Scope of Scheme - Liabilities constituting Scheme Claims

A Scheme Claim is any Liability of the Scheme Company which is an Agency Liability or Other Liability referred to below.

1. INTRODUCTION

1.1 The Scheme Companies formerly underwrote Insurance Contracts through one or more of the Agencies (WFUM, DUAL and WF&D). The Agencies administered these and also other Insurance Contracts on behalf of the Scheme Companies. Insurance Contracts which were underwritten for other companies through the Agencies, or administered by the Agencies, were subsequently transferred to Scheme Companies.

1.2 Any such transfer of which the Scheme Manager is aware is set out in the table at paragraph 6 below. The Scheme Companies and the names in which they wrote Insurance Contracts are set out below in the table at paragraph 5. The Underwriting Stamps used by the Agencies to underwrite Agency Liabilities (defined below) are set out in the Stamp Table in Appendix G.

2. AGENCY LIABILITIES

2.1 Save as excluded in paragraph 4, "**Agency Liabilities**" are all Liabilities arising under or in relation to the Insurance Contracts referred to in paragraph 1.1, including Liabilities arising under any agreement entered into prior to the Effective Date by which the Scheme Company has commuted, settled or compromised all or part of its Liability under any such Insurance Contract. For the avoidance of doubt, Agency Liabilities include all Liabilities arising under any agreement pursuant to which an insurance broker is entitled to brokerage or commission from the Scheme Company in respect of placing an Insurance Contract referred to in paragraph 1.1, and Liabilities arising under rights of contribution and subrogation in respect of such an Insurance Contract.

3. OTHER LIABILITIES

3.1 "**Other Liabilities**" are:

3.1.1 all Liabilities of Sovereign excluding for the avoidance of doubt any which have become barred by virtue of the Original Sovereign Scheme;

3.1.2 all Liabilities of Sovereign (UK) and Greyfriars,

which are neither Agency Liabilities nor Liabilities excluded by paragraph 4 below.

4. LIABILITIES WHICH ARE NOT AGENCY OR OTHER LIABILITIES

4.1 Agency Liabilities and Other Liabilities shall not include:

4.1.1 Liabilities in respect of fees, costs and expenses (including any tax thereon), in respect of services or advice, payable to service providers, excluding brokers, but including, without limitation, lawyers and loss adjusters, unless they are Liabilities incurred by Sovereign before the Record Date or Liabilities of Sovereign (UK) and Greyfriars.

4.1.2 Except in relation to Sovereign, Sovereign UK and Greyfriars any Liability arising from a claim under an Insurance Contract to which section 6 of the Policyholders Protection Act 1975 refers, including, but not limited to, claims under compulsory United Kingdom employers' liability policies and the compulsory element of United Kingdom motor policies.

5. PRESENT AND FORMER NAMES OF THE SCHEME COMPANIES

Current name	Previous names	Until
Allianz Cornhill Insurance plc*	Cornhill Insurance Public Limited Company Cornhill Insurance Company, Limited The Cornhill Insurance Company, Limited	10 January 2003 3 June 1981 19 June 1935
Allianz Global Corporate & Specialty (France)	Allianz Marine & Aviation (France) AGF Marine Aviation Transport Compagnie d'Assurances Maritimes Aeriennes et Terrestres (CAMAT)	17 July 2006 1 July 2002 21 April 1998
Atlantic Mutual Insurance Company	-	
Continental Reinsurance Corporation International Limited*	East River Insurance Company (Bermuda) Ltd	20 December 2003
Greyfriars Insurance Company Limited	GTE Insurance Company Limited	31 August 1987

Current name	Previous names	Until
Heddington Insurance (U.K.) Limited	-	
Hibernian General Insurance Limited	Hibernian Insurance Company Limited Hibernian Insurance Public Limited Company Hibernian Insurance Company Limited Hibernian Fire and General Insurance Company Limited	2 October 2000 7 November 1986 26 June 1984 1 September 1966
Mitsui Sumitomo Insurance Company (Europe), Limited*	Mitsui Marine and Fire Insurance Co., (Europe) Ltd Taisho Marine & Fire Insurance Company (Europe) Limited Taisho Marine & Fire Insurance Company (UK) Limited	1 October 2001 1 April 1996 1 January 1990
Oslo Reinsurance Company (UK) Limited	UNI Storebrand Insurance Company (UK) Limited Storebrand Insurance Company (U.K.) Limited	17 May 1995 31 December 1991
The Ocean Marine Insurance Company Limited*	-	
The Sea Insurance Company Limited	Sea Insurance Company Limited	11 May 1949

Current name	Previous names	Until
Sovereign Insurance (UK) Limited	Devonport Insurance Company Limited	18 December 1986
Sovereign Marine & General Insurance Company Limited ²	Lombard Marine & General Insurance Company Limited Lombard Insurance Company Limited The British and Irish Insurance Co., Limited The British and Irish Plate Glass Insurance Company Limited	8 February 1954 15 June 1939 13 April 1939 13 December 1928
Sphere Drake Insurance Limited*	Odyssey Re (London) Limited Sphere Drake Insurance Public Limited Company Sphere Insurance plc Sphere Insurance Company Limited	1 October 1999 20 March 1998 1 July 1982 1 April 1982
Tokio Marine Europe Insurance Limited*	The Tokio Marine & Fire Insurance Company (U.K.) Limited	17 June 2002
Wausau Insurance Company (U.K.) Limited	-	

* denotes a Scheme Company to which WFUM business has been transferred via a portfolio transfer or equivalent, the details of which are set out in the table at paragraph 6 below.

² The general insurance business of Bimeh Iran Insurance Company (UK) Limited ("**Bimeh**") written by Willis Faber (Underwriting Management) Limited and Lennox Underwriting Agencies Limited in relation to the underwriting years 1976 to 1981 was transferred to Sovereign Marine & General Insurance Company Limited on 22 March 1984 in accordance with section 51 of the Insurance Companies Act 1982.

6. **DETAILS OF BUSINESS TRANSFERS RELEVANT TO WFUM POOLS BUSINESS**

Transferee	Transferor	Previous names of transferor	Date of transfer
Cornhill Insurance Public Limited Company (now Allianz Cornhill Insurance plc)	Allianz Cornhill International Insurance plc	Allianz International Insurance Company Limited (until 30 June 1991)	1 January 1993
East River Insurance Company (Bermuda) Limited (now Continental Reinsurance Corporation International Limited)	HSBC Insurance (International) Limited	Lombard Insurance Company Limited (a Hong Kong incorporated company)	31 December 1998
Mitsui Marine and Fire Insurance Co., (Europe) Ltd. (now Mitsui Sumitomo Insurance Company (Europe), Limited)	Mitsui Marine and Fire Insurance Co., Ltd (UK Branch)	-	10 March 2000
The Ocean Marine Insurance Company Limited	Commercial Union Assurance Company Limited	The Merchants Marine Insurance Company Limited (until 1 October 1999)	28 April 2005
	The British & European Reinsurance Company Limited	The British & European Insurance Company Limited (until 1 January 1981)	28 April 2005
	Ulster Marine Insurance Company Limited		28 April 2005
	Yorkshire Insurance Company Limited	-	28 April 2005
Sphere Insurance plc (now Sphere Drake Insurance Limited)	The Drake Insurance Company Limited	-	29 April 1982 (effective from 1 July 1982)
The Tokio Marine & Fire Insurance Company (U.K.) Limited (now Tokio Marine Europe Insurance Limited)	Tokio Marine and Fire Insurance Company Limited (UK Branch)		

APPENDIX B

Estimation Methodology for the Valuation of Scheme Claims

Contents

1.	Introduction.....	281
2.	Process Overview.....	287
3.	Supporting Evidence.....	291
4.	Estimation Methodology.....	294
5.	Discounting for Future Investment Income.....	301
	Attachment A U.S. Asbestos Direct.....	303
	Attachment B U.S. Asbestos Treaty.....	309
	Attachment C U.S. Pollution Direct.....	313
	Attachment D U.S. Pollution Treaty.....	320
	Attachment F Non-APH Claims: Direct and Treaty.....	325
	Attachment G Suggested Supporting Documentation.....	327
	Attachment H Proposed Discount Factors as at Ascertainment Date.....	332

1. Introduction

1.1 Purpose and Scope

The purpose of this Appendix to the Scheme is to set out and explain the Estimation Methodology that the Scheme Actuary will use to calculate Scheme Claims that are referred to the Scheme Actuary pursuant to the Scheme.

This Appendix explains the information that Scheme Creditors will be asked to submit to support their Scheme Claim. It can also be used as a guide to Scheme Creditors as to the types of methodologies that they might wish to use to estimate the Incurred But Not Reported ("IBNR") element of their Scheme Claims.

This Appendix, including the Attachments, contains a considerable amount of detail in relation to the Estimation Methodology. This is designed to make the process as transparent to Scheme Creditors as possible. Scheme Creditors are advised to read this Appendix in its entirety.

If any Scheme Creditor is in doubt as to any aspect of this Appendix or as to the action they should take, then they should consider seeking appropriate professional actuarial or other advice.

If at any stage of the process, either before voting, or during compilation by a Scheme Creditor of their supporting information for their Scheme Claim, the Scheme Creditor has any questions relating to the possible future application of the Estimation Methodology to their Scheme Claim, then they should contact the Scheme Manager, in the first instance, who will be pleased to assist them.

1.2 Definitions

The terms defined below are those capitalised terms used within the Estimation Methodology Appendix. Other capitalised terms, defined in the Scheme, bear the same meanings within this Appendix, except where otherwise indicated.

Additional Unpaid Claims

The value, as at the Ascertainment Date, of Scheme Claims that the Scheme Creditor asserts on a Claim Form are due for payment to it by the Scheme Company which are not included in any Unpaid Agreed Claims.

Best Estimate

An estimate of insurance liabilities that is intended to be the mean, or average of the range of possible outcomes. In other words, it is intended to represent the "expected" outcome. In practice, it may not be possible to apply strict statistical tests regarding whether the estimate is in fact an estimate of the mean or average outcome, but the description is designed to convey the principles on which the estimate is based.

Burn Factor

This is a factor that is usually applied to a limited layer of excess insurance/reinsurance coverage to derive an estimate of the ultimate losses to that layer.

Claims filed

In the context of the Asbestos Direct Methodology, this relates to the number of asbestos claims filed against the Scheme Creditor or underlying assured.

IBNR

The value, as at the Ascertainment Date, of Scheme Claims in respect of losses which have been incurred by a Scheme Creditor but not notified to it, for which it asserts on a Claim Form that an amount will become due for payment to it by the Scheme Company, excluding any amounts already included in Unpaid Claims and/or Outstanding Claims.

Incurred Claims

Reported claims as at the Ascertainment Date. This equals cumulative Paid Claims plus Outstanding Claims at the Ascertainment Date.

Link Ratio / Chain Ladder Approach / Development Factors

A "Link Ratio" / "Development Factor" is the name given to the ratios formed for each origin period by taking:

The method involves using the crude link ratios in two stages:

$$\frac{\text{Cumulative claims to period of development } T}{\text{Cumulative claims to period of development } T - 1}$$

- a) Selection of smoothed link ratios for those periods where sufficient development data are available.
- b) Estimation of link ratios for periods where the development data available are sparse or non-existent.

The first stage involves examining various weighted averages of past development and the selection of representative estimates to be applied to future years. The second stage involves fitting curves to the ratios selected in the first stage and using these curves to project ratios for the tail of the development.

These ratios are then applied to the latest cumulative Paid and/or Incurred Claim figures, separately for each period of origin, to project future claims to ultimate.

LMX

London Market Excess of Loss reinsurance business. Can relate to either reinsurance of direct business, or reinsurance of reinsurance (including excess of loss reinsurance). Can also include "spiral" business.

Outstanding Claims

The value, as at the Ascertainment Date, of Scheme Claims in respect of losses notified to the Scheme Creditor for which it asserts on a Claim Form that an amount will become due for payment to it by the Scheme Company, excluding any amounts already included in Unpaid Claims.

Paid Claims

The value of cumulative claims and allocated loss adjustment expenses arising under an Insurance Contract that have been booked as paid claims by the Scheme Creditor as at the Ascertainment Date. This may include Unpaid Claims.

Paid Survival Ratio

This is defined as:

Current Reserve / Average historical amount paid per annum.

Referred Claim

Any component of the Scheme Creditor's Scheme Claim which is referred to the Scheme Actuary for evaluation. Whilst in most cases this will be confined to the IBNR submitted by the Scheme Creditor, it may include other components where the uncertainty preventing agreement of the claim by the Scheme Manager is considered by the Scheme Manager and Scheme Actuary to merit actuarial appraisal.

Reserve

Outstanding Claims plus IBNR.

Settlement Distribution

In the context of the Asbestos Direct Methodology, this relates to the assumed payment pattern profile of a newly filed or pending asbestos claim.

Ultimate Claims

The sum of Incurred and IBNR Claims (including ultimate indemnity and expense amounts, where appropriate). It also equals Paid Claims plus Reserve.

Unpaid Agreed Claims

The value of Scheme Claims which according to the Scheme Manager's records have been agreed as due to the relevant Scheme Creditor as at the Ascertainment Date but not paid or discharged by the operation of set-off or otherwise, and in the case of Sovereign before taking account of any Scheme Payments.

Unpaid Claims

The sum of all Unpaid Agreed Claims and Additional Unpaid Claims.

1.3 Summary

The Estimation Methodology will be applied by the Scheme Actuary to Referred Claims, as defined in Section 1.2. The design of the Scheme is such that not all Scheme Claims will necessarily be reviewed by the Scheme Actuary. In particular, Scheme Claims that contain

no IBNR element are less likely to be referred to the Scheme Actuary, and not all Scheme Claims with IBNR will be referred to the Scheme Actuary. The Scheme defines the process for determining when Scheme Claims will be referred to the Scheme Actuary, and hence this is not repeated in this Appendix. Further comment on what might be included as part of the Referred Claim is given in Section 2.1.

The Scheme Actuary will apply the Estimation Methodology in a consistent way for all Referred Claims. For example, the methodology and assumptions will be similar, where possible, across the same claim types for different Scheme Creditors.

In summary, the process that the Scheme Actuary will apply to all Referred Claims will be as follows:

- Obtain and review all relevant documentation and correspondence from the Scheme Manager (and possibly a Scheme Adjudicator if he has become involved with the claim), relating to that Scheme Creditor's claim, and, if appropriate, relating to similar Scheme Claims from other Scheme Creditors.
- Discuss details of the Scheme Claim with the Scheme Manager and the Scheme Creditor, as needed.
- Request additional information from one or more of the Scheme Manager, Scheme Company, Scheme Adjudicator and the Scheme Creditor, as needed.
- Apply the Estimation Methodology to the relevant agreed or adjudicated data to derive the Scheme Actuary's estimate of the Scheme Creditor's Referred Claim as at the Ascertainment Date. The Estimation Methodology varies by claim type and is outlined in Section 4, with full details in Attachments A to F. This part of the process will also include consideration of a Scheme Creditor's own methodology, if appropriate. Further commentary on the possible use of a Scheme Creditor's own methodology is given in Sections 4.3 and 4.4.
- Prepare a summary setting out the results of application of the Estimation Methodology to the Scheme Creditor's Referred Claim.
- Subsequent to the summary being provided, if requested by the Scheme Manager or Scheme Creditor, a report will be prepared outlining the application of the Estimation Methodology to that Scheme Creditor's Referred Claim.

The process is designed to be on a "Best Estimate" basis, that is, it is intended to derive an estimate equivalent to a mean, expected or average outcome. Further explanation of this basis is given in Section 1.2.

It is possible that, for some Referred Claims, the Scheme Actuary may only need to review the adjustment for discounting (i.e. time value of money). In such cases, the only relevant parts of the Estimation Methodology relate to the impact of discounting.

The methodology proposed in this Appendix has been devised by the Scheme Actuary using his knowledge and experience of the business to which the Scheme will apply. In addition, the Scheme Actuary has taken into account the methodology used previously in other schemes of arrangement.

If the Scheme becomes effective, the Estimation Methodology as set out in this Appendix will be binding on any part of the Scheme Creditor's claim which is included as part of a Referred Claim. Once effective, a Scheme Creditor can challenge the application of the Estimation Methodology to their Scheme Claim, but not the Estimation Methodology itself. The mechanism in the Scheme for such a challenge is that the Scheme Creditor will be able to ask for a disputed valuation by the Scheme Actuary to be referred to the Actuarial Adjudicator, who will review whether the Estimation Methodology has been applied correctly by the Scheme Actuary. Once the Scheme is effective, the Scheme Companies are unable to challenge the Estimation Methodology, and in addition are bound by its application by the Scheme Actuary, or if different, the Actuarial Adjudicator.

The Actuarial Adjudicator has confirmed, in his letter in Schedule VIII to the Explanatory Statement, that he regards the Estimation Methodology as an acceptable approach to adopt for evaluating Referred Claims on a best estimate basis.

This Appendix also describes the data and information that Scheme Creditors should submit to support their Scheme Claims. In general terms, the more detailed this data and information is, the more likely it will be that the Scheme Actuary will be able to take that information into account when applying the Estimation Methodology.

2. Process Overview

2.1 Submission of claims under the scheme

There are three types of Scheme Claim:

- Unpaid Claims, including one or both of Unpaid Agreed Claims and Additional Unpaid Claims;
- Outstanding Claims; and
- IBNR Claims.

These three types are defined in Section 1.2.

This Appendix focuses mainly on the third type of claim, IBNR Claims. However, it should be noted that in some cases it may be appropriate for the Scheme Actuary to apply the Estimation Methodology to calculate the Reserve (that is, Outstanding Claims plus IBNR) or the Ultimate Claims (that is, Reserve plus Paid Claims) and hence Referred Claims may include other types of claim. Referred Claims could also include those where there is no IBNR submitted by the Scheme Creditor, but where the Outstanding Claims relate to matters that are capable of actuarial analysis (as opposed, for example, to purely factual-based Outstanding Claims for known individual claims).

Any Scheme Creditor who wishes to claim for Additional Unpaid Claims, Outstanding Claims and/or IBNR Claims should insert details of these on their Claim Form and this must be accompanied by supporting information and documentation prepared in accordance with the instructions for completion of the Claim Form. Section 3 of this Appendix outlines the type of information that a Scheme Creditor should supply to assist the Scheme Manager in trying to agree their Scheme Claim and the Scheme Actuary in applying the Estimation Methodology to estimate the element of the Scheme Creditor's Scheme Claim which has been referred to him.

2.2 Review Process adopted by the Scheme Actuary

Referred Claims will be reviewed by the Scheme Actuary using the following worksteps:

- i Obtain from the Scheme Manager copies of all relevant manual and electronic files in relation to the Scheme Creditor's Scheme Claim, including all relevant correspondence between the Scheme Manager and the Scheme Creditor.

- ii Understand which element of the Scheme Claim (if not all of it) requires review by the Scheme Actuary as the Referred Claim (e.g. some part of the Scheme Claim may be agreed between the Scheme Manager and the Scheme Creditor, whilst certain elements may not). In many cases, it is expected that the Referred Claim will relate only to the IBNR part of the Scheme Claim.
- iii Check that the Scheme Manager has verified all relevant policies, Additional Unpaid Claims and Outstanding Claims entered by the Scheme Creditor on their Claim Form, and has also checked that the Scheme Claim does not breach policy limits. In addition, the Scheme Actuary will check that the Scheme Manager has verified any Paid Claims which have been used by the Scheme Creditor in deriving their Scheme Claim. If these checks have not been completed, then the Scheme Actuary will request that these stages are completed by the Scheme Manager before proceeding to review the claim (unless, for example, the Outstanding Claims are to be reviewed by the Scheme Actuary, as mentioned in Section 2.1).
- iv If necessary, understand from the Scheme Manager and the Scheme Creditor the reasons for any disagreement between the Scheme Manager and the Scheme Creditor, including details of any issues raised with a Scheme Adjudicator. This will include consideration of any analysis carried out by the Scheme Manager in relation to the Scheme Creditor's Scheme Claim.
- v Consider all supporting documents supplied by the Scheme Creditor that the Scheme Actuary considers relevant to the estimation of the Scheme Claim.
- vi Consider the method used by the Scheme Creditor to derive their Scheme Claim.
- vii Understand, and if necessary obtain copies of and review, the data, information and assumptions used by the Scheme Manager on other relevant Scheme Creditors' Claims.
- viii Ask questions of the Scheme Manager and Scheme Creditor as needed (e.g for additional supporting documents, etc.)
- ix Refer back any issues to the Scheme Adjudicator, if required, and suspend consideration of the Scheme Creditor's Scheme Claim until the relevant matters are resolved.
- x Taking into account the above data and information, the Scheme Actuary will then

derive his own estimate of the Scheme Creditor's Referred Claim using the Estimation Methodology described in Section 4 of this Appendix and in Attachments A to F to this Appendix.

- xii In certain circumstances, the Estimation Methodology used by the Scheme Actuary may mirror that used by the Scheme Creditor to estimate their Scheme Claim, as opposed to being the relevant methodology set out in this Appendix. Further details are given in Section 4.
- xiii The Scheme Actuary will then derive the value of the Scheme Creditor's discounted Referred Claim, by using the discount factors derived using the approach outlined in Section 5 of this Appendix.
- xiv The Scheme Actuary will provide the Scheme Creditor and Scheme Manager with a summary of the results of the application of the Estimation Methodology, including details of the Undiscounted and Discounted value of the Referred Claim.
- xv If requested by the Scheme Creditor or Scheme Manager, the Scheme Actuary will subsequently prepare a report on the calculation of the Scheme Creditor's Referred Claim, including sections covering items such as data, analysis, limitations, methodology, results and the determination of the Referred Claim.

If a particular Referred Claim does not fall into one of the categories of claim type for which the methodology is described in Attachments A to F (e.g. unusual or anomalous claims), then the Scheme Actuary will apply an appropriate actuarial methodology, based on his experience and judgement. Any such instances will be clearly communicated to the Scheme Manager and Scheme Creditor, and if required the approach will be documented in the Scheme Actuary's report in relation to that Scheme Creditor's Referred Claim.

The Scheme Actuary will, if he deems it appropriate, seek external input from other experts. These experts, may, for example, be asked to give input on certain legal matters.

If a Scheme Creditor's Referred Claim is affected by a particular market settlement agreement, then the Scheme Actuary will take this into account in considering the Scheme Creditor's Referred Claim. However, the Scheme Actuary will not be obliged to abide by this settlement where the relevant Scheme Company is not bound by the settlement agreement.

Where a Scheme Creditor has made settlement agreements with other insurers, then, where relevant, the Scheme Actuary will take these agreements into account when reviewing the Scheme Creditor's Referred Claim, to ensure that appropriate off-set is allowed for.

Reinstatement and/or other adjustment premiums and/or profit commissions will not be considered by the Scheme Actuary, but rather will be calculated by the Scheme Manager, as required, unless they are presented as Scheme Claims (for example, as might arise under Reinstatement Premium Protection policies).

It should be noted that the process described here relates primarily to claims where it is necessary for the Scheme Actuary to derive the undiscounted value of the Referred Claim. However, it is possible that the Scheme Actuary may be asked to only review the impact of discounting, without the need to review the undiscounted Referred Claim. In such cases, the above process will be modified accordingly so that the Scheme Actuary only reviews the impact of discounting.

3. Supporting Evidence

3.1 Evidence to Support Claims

Each Scheme Creditor making a claim in respect of Additional Unpaid Claims, Outstanding Claims and/or IBNR Claims as part of the Scheme process will be required to provide evidence to support their claim. This evidence is needed to enable the Scheme Manager/Scheme Actuary to form a judgement on the reasonableness of the claim. Such information will be required regardless of whether any part of the Scheme Claim is referred to the Scheme Actuary under the terms of the Scheme.

The nature of the evidence required is explained in the following paragraphs and in the instruction notes for completion of the Claim Forms. Failure to provide the supporting evidence requested may result in the Scheme Creditor's Scheme Claim being valued at a lower amount by the Scheme Manager/Scheme Actuary, possibly at zero.

3.2 Additional Unpaid Claims and Outstanding Claims

Supporting documentation should be in the same or substantially the same form as is customary for the insured/reinsured to send to the broker or the WFUM Pool Manager in the normal course of business and, where applicable, stating the Scheme Companies' policy references and percentage share of the relevant policy(ies). The scope of this Appendix does not extend to consideration of how Additional Unpaid Claims or Outstanding Claims are dealt with under the Scheme, except in cases where the Referred Claims includes such amounts, as mentioned in Section 2.1.

3.3 IBNR Claims

Supporting documentation should include details of the following:

- the policies in respect of which IBNR is being asserted;
- the amount of the IBNR claimed by policy;
- details of each individual loss, loss type and amount of claim(s) for each policy in respect of which IBNR Claims are being asserted; and
- details supporting the methodology, assumptions and calculations used to estimate the value of IBNR Claims.

Where the assumptions used are based, partly or wholly, on external data (i.e. not the Scheme Creditor's own data submitted as part of the Scheme process) then that data, and the associated analysis and rationale behind the selected assumptions, should also be supplied.

Additional Guidance for IBNR Claims is given in Section 3.4.

A detailed list of the supporting documentation required by claim type is given in Attachment G.

Where components of Outstanding Claims are materially uncertain, the requirements on supporting documentation above for IBNR Claims are equally applicable.

3.4 Additional Guidance

As a guide to the sort of information required by the Scheme Manager/Scheme Actuary to support an IBNR Claim it may be considered helpful to provide documentation consistent with the requirements of relevant actuarial standards. These include:

- Guidance Note GN12, issued by the Faculty and Institute of Actuaries;
- Actuarial Standard of Practice No.9 adopted by the U.S. Actuarial Standards Board.

Copies of the latest versions of these guidance notes are available at www.actuaries.org.uk and actuarialstandardsboard.org respectively.

Although an actuarial report may not be necessary for all Scheme Creditors asserting IBNR Claims, Scheme Creditors claiming large IBNR amounts may consider that the provision of one would be helpful in supporting their claim to the Scheme Manager/Scheme Actuary.

Claims assessors' reports or lawyers' reports might also be helpful in supporting a Scheme Creditor's Scheme Claim. In addition, where relevant, it might also be appropriate to refer to other reports or analyses, relating, for example, to economic or demographic issues that are likely to affect future claim development.

If Scheme Creditors give clear justification for the methodology used and the assumptions made, and provide relevant supporting information, it is less likely they will be required to provide additional information or documents at a later stage. Hence, it is in each Scheme Creditor's own interest to provide clear and relevant information with their Claim Forms.

In considering the supporting evidence to be supplied, Scheme Creditors are advised to consider the description of the Estimation Methodology in Section 4 and Attachments A to F, since this will help them understand the data and information that the Scheme Actuary will need in order to estimate/assess any referred component of the Scheme Creditor's Scheme Claim. As explained further in Section 4.2 below, in situations where the relevant data and information is not available to allow the Scheme Actuary to apply the Estimation Methodology, then the Scheme Actuary will use his judgement to select an appropriate alternative methodology (which might be the methodology used by the Scheme Creditor, possibly with modification or alternative assumptions).

4. Estimation Methodology

4.1 Introduction

This section provides a summary of the process that the Scheme Actuary will apply in order to derive an estimate of the Referred Claim. This is workstep (x) in Section 2.2 of this Appendix. Further details by claim type are given in Attachments A to F.

As mentioned in Section 1 of this Appendix, the methodology outlined here and in the attachments can also be used as a guide to Scheme Creditors as to the types of methodologies that they might wish to use to estimate their IBNR Claims.

4.2 Summary of Estimation Methodology

In general terms, the Scheme Actuary will take into account all the relevant information, as referred to in Section 2.2, and apply appropriate actuarial methods to each claim type. This will take into account updated data supplied by the individual Scheme Creditor, as well as wider relevant information gathered from other Scheme Creditors as part of the Scheme process, plus relevant wider industry knowledge. A brief summary of the Estimation Methodology that will be used by the Scheme Actuary, by claim type, is given in the table below.

When we refer to the Scheme Creditor's Policies below, this means the policies or contracts that the Scheme Creditor has with the Scheme Company, equivalent to the defined term, "Insurance Contract", in the Scheme (excluding the element of that definition that refers to broker's commission or brokerage).

Claim type	Summary of Estimation Methodology
U.S. and Non U.S. Asbestos, Environmental Pollution and Health Hazard ("APH") – Direct and Faculative reinsurance ("Direct")	<p>Ground-up exposure analysis, allowing for estimation of total claim amounts, allocated across years of coverage and to the Scheme Creditor's Policies. See Attachments A (U.S. Asbestos Direct), C (U.S. Pollution Direct) and E (Health Hazards and other Toxic Torts) for further details.</p> <p>The methodology for Non-U.S. Asbestos and Pollution Direct will be very similar to the descriptions in Attachments A and C respectively, modified to reflect the specific circumstances of the relevant territory. In particular, for UK Asbestos exposures, the methodology and assumptions will take into account the findings of the paper entitled "UK Asbestos – The Definitive Guide", presented to the 2004 GIRO convention, available at www.actuaries.org.uk.</p>

Claim type	Summary of Estimation Methodology
<p>U.S. and Non-U.S. APH - Excess of Loss and Proportional Reinsurance and Retrocession ("Treaty")</p>	<p>Exposure-based projection of individual underlying direct loss estimates (as they affect the underlying direct or reinsurance policies written by the Scheme Creditor) aggregated appropriately and then applied to relevant Scheme Creditor's Policies.</p> <p>Or, if suitable data are not available (e.g due to the remoteness of the Scheme Creditor's Policies from the original assureds, as is sometimes the case with reinsurance/retrocession business), then application of appropriate benchmark Burn Factors, Paid Survival Ratios and/or IBNR-to-outstanding claims ratios and/or Ultimate to Paid or Incurred claim ratios.</p> <p>See Attachments B (U.S. Asbestos Treaty), D (U.S. Pollution Treaty) and E (Health Hazards and other Toxic Torts) for further details.</p> <p>The methodology for Non-U.S. Asbestos and Pollution Treaty will be very similar to the descriptions in Attachments B and D respectively, modified to reflect the specific circumstances of the relevant territory.</p>
<p>Direct and Treaty Non-APH classes of business</p>	<p>Appropriate development factors (and/or loss ratios) will be derived by application of standard actuarial techniques, such as the Link Ratio (or Chain Ladder) method to claims development triangles. These factors will either be derived from relevant data supplied by the Scheme Creditor, or from other appropriate data for the relevant classes of business.</p> <p>For individual loss events (e.g. individual catastrophes) the approach above will be modified to either:</p> <ul style="list-style-type: none"> (a) Projection to ultimate of the Scheme Creditor's underlying gross loss development for each event, the results of which are then applied to the relevant Scheme Creditor's Policies; or (b) Projection to ultimate of the loss development for each event as it affects the relevant Scheme Creditor's Policies (i.e. projection of the paid and/or incurred claims for each event that are recoverable under the Scheme Creditor's Policies); <p>Or, if suitable data is not available, then:</p> <ul style="list-style-type: none"> (c) Application of benchmark factors for each event to the Scheme Creditor's data for that event (e.g. benchmark ultimate to paid/incurred claims ratio and/or IBNR-to-outstanding claims ratios for that event multiplied by the paid/incurred and/or outstanding claims for that event

Claim type	Summary of Estimation Methodology
	<p style="text-align: center;">under the relevant Scheme Creditor's Policies).</p> <p>In some cases, the above approach may be modified, to consider:</p> <ul style="list-style-type: none"> (a) Details of known individual claims, including consideration of associated loss adjuster or attorney reports; (b) Loss emergence patterns (e.g. number and amount of claims that have emerged in the past for the relevant or lower layer policies).

The principal source of data and information that the Scheme Actuary will use in order to apply the above Estimation Methodology will be the information supplied by the Scheme Creditor as part of their submission under the Scheme, supplemented by information supplied by the Scheme Manager. The Scheme Actuary will have the discretion to use his wider market knowledge and information where he deems it appropriate to use such information, but will not be under any obligation to use such wider knowledge and information when applying the Estimation Methodology for a particular Scheme Creditor's Referred Claim.

For all claim types, the Estimation Methodology described in this Appendix may need to be adapted by the Scheme Actuary, depending on the data and information provided to the Scheme Actuary by the Scheme Manager and/or Scheme Creditor. In particular, if the Scheme Manager and/or Scheme Creditor has applied a different methodology to that outlined in the relevant part of this Estimation Methodology, then the Scheme Actuary will consider whether he can also adopt a similar or the same methodology, with perhaps differing assumptions to those used by the Scheme Manager and/or Scheme Creditor. Further details are given in Section 4.3.

In situations where there is uncertainty surrounding one or more of the assumptions to be used by the Scheme Actuary to estimate a Scheme Creditor's Referred Claim, then an approach that involves the use of probabilities, assigned to different assumptions, may be utilised. In such cases, the Scheme Actuary may seek appropriate expert (e.g. legal) opinion, if he considers this necessary. In addition, the Scheme Creditor will have the opportunity to provide input to these probabilities, if they wish, and on any other aspects of the uncertainty surrounding their claims affecting Scheme Policies. This will ensure that their views on uncertainty and on the likelihood of potential outcomes are taken into account in deriving an estimate of their Referred Claim.

It is recognised that, if a Scheme Creditor is using this Appendix as a guide to the methodology that they use to estimate their Scheme Claim, then it may be necessary to adapt that methodology to suit the particular circumstances surrounding the Scheme Creditor's Scheme Claim and/or due to the information available to the Scheme Creditor.

For all claim types, where required data is not available, the Scheme Actuary will use his judgement in deciding on an appropriate estimation methodology to apply in order to derive an estimate of the Referred Claim, which in some cases may be zero if the available supporting data is limited. In all cases, the Scheme Actuary will document his rationale for selection of a particular methodology and set of assumptions.

Further details of the Estimation Methodology for each claim type are given in Attachments A to F. Although Attachments A to D inclusive relate to U.S. exposures to Asbestos and Pollution, the methodology that will be used for non-U.S. exposures is likely to be very similar to the descriptions in these Attachments, modified to reflect the specific circumstances of the relevant territory.

Where Scheme Creditors submit claims of different types (e.g. Direct and Treaty) then the relevant methodology described in this Appendix for each claim type will be applied separately by claim type.

The above table, and Attachments A to F, describe the methodology to be used to derive the undiscounted Referred Claim. This amount will be discounted using the factors derived, as described in Section 5.

4.3 Use of Scheme Creditors' methodology

In situations where the Scheme Creditor has applied their own methodology, the Scheme Actuary will use his judgement to assess the reasonableness of the methodology employed by the Scheme Creditor, as compared to the methodology for the relevant claim type(s) as set out in Section 4.2 of this Appendix.

If the Scheme Actuary deems that a Scheme Creditor's methodology is more appropriate than the corresponding methodology in Section 4, then the Scheme Actuary will proceed to review the detailed application of the Scheme Creditor's methodology, including the reasonableness of the assumptions.

In some cases, the Scheme Actuary may select results based on a combination of results produced by the application of the Scheme Creditor's methodology, and those produced by application of the relevant methodology in Section 4.

In reviewing a Scheme Creditor's methodology and assumptions in relation to the Referred Claim, the Scheme Actuary's judgement of their reasonableness will include consideration of whether they comply with the following principles:

- The methodology should normally be a recognised approach used by actuaries and other reserving practitioners to estimate general insurance claims liabilities. Such methods include loss development factor methods (e.g. using past claims development data) and exposure-based methods. Uses of other, less recognised approaches should be justified by the Scheme Creditor in their supporting information.
- Selected assumptions should be based on a rational and unbiased analysis (of the Scheme Creditor's own, and where appropriate relevant wider market information), and not simply set at the extremes of possible ranges for those assumptions.
- The estimates produced by application of the methodology should be on a Best Estimate basis. This is defined in Section 1.2.
- Where estimates are based on selected proportions of the relevant insurance cover (e.g. 50% of limits) then these proportions should be supported by analysis to justify the selected values. For example, the proportions could be based upon projections of reported losses, using specific information relating to those individual losses.
- In situations where there is uncertainty surrounding the assumptions used within a Scheme Creditor's own methodology, then an approach that involves the use of probabilities, assigned to different assumptions, may be utilised. In such cases, the selected probabilities should be justified, and, wherever possible, be backed up with expert (e.g. legal) opinion.

In all cases, the information supporting the application of Scheme Creditor's own methodology and assumptions, including the calculations, should be as comprehensive as possible, to allow the Scheme Actuary to verify the validity of the assumptions and understand the rationale for the implied results.

It should be noted that specific principles apply to the situation where there is limited or no claims history associated with one or more claim types under the Scheme Creditor's Policies, but where the Scheme Creditor has submitted a claim for IBNR. These are covered in Section 4.4.

4.4 Policies with claim types having limited or no claims history

This Section relates to policies with claim types that have limited or no claims history at the date of submission of claims under the Scheme, but where Scheme Creditors wish to assert an IBNR claim.

If the Scheme Actuary is required to review a Scheme Claim of this type, then he will first consider which of the following two categories the claim falls:

1. Direct or Reinsurance policies where there are one or more known underlying losses, which when projected to their estimated ultimate level can be shown to affect the relevant policies. An example might be higher-layer direct or treaty policies, where the claims are estimated to increase such that they will affect these layers.
2. All other Direct or Reinsurance policies, where there are no specific known underlying losses that can be projected. An example might be Direct policies where there are no reported losses in any year.

For the first category, the approach outlined in Section 4.2 and in the appropriate Attachment for the relevant claim type(s) will be used by the Scheme Actuary to estimate the relevant losses to the policies.

For the second category, the approaches outlined in this Appendix may need some modification to reflect the specific circumstances of the submitted claim. However, as for other policies and claim types, Scheme Creditors may submit their own methodology for estimating their claim. In considering the suitability of such methodology, and hence the amount of IBNR claimed, the Scheme Actuary will apply the following principles to test for reasonableness:

- For direct insurance exposures (as opposed to reinsurance), there should be a demonstrable link between the claim type(s) being claimed and the business activities of the Scheme Creditor. Scheme Creditors should supply details linking their business activities with the claim type(s) being claimed (e.g. details of products manufactured by Scheme Creditors, and the types of claim that may be associated

with these products). For reinsurance exposures, there should similarly be a link between the business activities of the entity(ies) insured by the Scheme Creditor and the claim type(s) being claimed.

- The selected assumptions should be based on a rational and unbiased analysis (of the Scheme Creditor's own, and where appropriate relevant wider market information), and not simply set at the extremes of possible ranges for those assumptions.
- Where an exposure-based approach has been used, then, in the case of personal-injury based direct claims, it should begin with reasonable assumptions regarding the population of exposed persons, the proportion that will ultimately claim and the likely size of these claims.
- Exposure to selected claim types or sources of claim should be based on recognised sources.
- When the results are "grossed-up" to be at an industry or country-wide level, they should be plausible, based on current known information. In other words, if we take the estimates for the Scheme Creditor's Policies and divide them by an appropriate market share percentage, then the resulting industry or country-wide figure should be plausible.

As an example, in the early years after asbestos was identified as affecting certain defendants, but where there was limited or no claims history, it was possible to review the exposed population (e.g. based on the number employed by a defendant, or otherwise affected by their activities, over a specified period) and estimate the ultimate number of asbestos-related claims that might arise in future from each defendant. Costs of individual claims could similarly be estimated using costs associated with claims arising from other similar product or premises-related sources.

The comment made at the start of this Appendix regarding Scheme Creditors contacting the Scheme Manager to discuss their proposed methodology is particularly relevant for this type of claim. Any Scheme Creditor in doubt as to whether their proposed methodology will be acceptable is encouraged to contact the Scheme Manager as soon as possible before the Bar Date.

5. Discounting for Future Investment Income

5.1 Discounting

Once the inwards Outstanding Claims and IBNR Claims have been ascertained, they will be discounted to take account of the time value of money.

5.2 Items to be discounted

Both Outstanding Claims and IBNR Claims will be discounted to the Ascertainment Date.

The discount factors to be applied depend on:

- rates of interest, and
- claims development (i.e. payment) patterns.

Adjustments to these factors will be made by the Scheme Manager to allow for the period between the Ascertainment Date and the date of the Valuation Statement for each Scheme Creditor. The overall effect of these adjustments will be to discount the reserve (i.e. Outstanding Claims plus IBNR Claims) as at the Valuation Statement date. In effect, only payments projected to be made after the Valuation Statement date will be subject to discount for future investment income.

5.3 Rates of Interest

The rates of interest will vary by claim type, based on an estimated mean term for that claim type. The rates for each mean term are as at 31 December 2005 and are based on the rates for U.S. Treasury securities on 31 December 2005 for terms that reflect the range of mean terms of the different claim types. The interest rates to be used for each Scheme Claim to discount the Outstanding Claims and IBNR Claims to the Ascertainment Date (and in adjusting the discount factor to be as at the Valuation Statement date) will only be varied from those originally set as at 31 December 2005 if the rates for 10 year U.S. Treasury bills have changed by more than +/-1 percentage point as at the date of the Valuation Statement.

5.4 Claims Development (i.e. payment) Patterns

The Scheme Actuary will use claims development (i.e. payment) patterns for each of the main claim types and the claim amounts will be discounted assuming an average time to settlement of each such claim type. The Scheme Actuary will take into account specific information supplied by the Scheme Creditor and/or Scheme Manager relating to payment patterns that he considers relevant to their Scheme Claim and which would have a material impact on the

discount factors to be used. For example, in some cases it might be appropriate to allow for pre-agreed instalment dates as part of a settlement agreement.

5.5 Factors as at 31 December 2005

Attachment H shows the discount factors as at the Ascertainment Date. These factors will be used (prior to the adjustments to the Valuation Statement date, as referred to in Section 5.2), unless the Scheme Actuary deems it appropriate to adjust either the interest rates or claims development patterns in accordance with Sections 5.3 and 5.4 respectively.

Attachment A U.S. Asbestos Direct

A.1 Introduction

Ultimate Claims for this category will be derived by allocating an estimated ultimate ground-up asbestos indemnity and expense amount to the Scheme Creditor's Policies using a "ground-up" exposure-based methodology. This amount will be determined from the Scheme Creditor's paid asbestos claims to date plus an estimate of future claims associated with pending and unasserted asbestos claims.

The methodology described here will be modified if alternative, more accurate data and information is supplied by the Scheme Creditor as part of their claim submission under the Scheme (e.g. for estimating ultimate ground-up indemnity and/or expense, the Scheme Creditor may have access to additional specific information that will allow a more accurate ultimate to be estimated).

A.2 Scheme Creditor's ground-up Indemnity and Expense

A frequency/severity approach will be used to estimate the future claims associated with pending and unasserted asbestos claimants. Specifically, an average indemnity cost per claim (possibly split by disease-type, if suitable data is available) is multiplied by a projected number of settled claims to estimate the future amount of indemnity claims. An expense-to-indemnity ratio is then applied to the future indemnity claims to include a provision for expenses. A separate estimate is calculated for each future annual period. The average severity for each future year is trended to include a provision for expected future claims and expense inflation/deflation.

The analysis considers products and non-products (i.e. premises and operations) claims separately. Generally, it will be assumed that for products claims, available insurance coverage will be eroded vertically, due to the presence of products aggregate limits. For non-products claims, appropriate assumptions will be made regarding the definition of an "occurrence" based on the particular situation of each Scheme Creditor. The various definitions of "occurrence" employed will lead to different allocation strategies for non-products claims.

The following describes the parameters incorporated in the frequency/severity approach. The parameters will be selected based on available information supplied by the Scheme Creditor and/or on other information that might be available to the Scheme Manager/Scheme Actuary, such as Attorney reports.

The process is similar for both pending claims and unasserted claims, with the exception that the number of claims filed is known for those pending.

Number of Claims Filed – The number of future claims filed is estimated separately for each future calendar year by selecting the number of claims filed in the current year and using a projection model to calculate the number of claims filed in subsequent years. The number of claims filed in the current year is selected judgmentally based on the historical number of claim filings against the Scheme Creditor in recent years (allowing for the possible distorting effect of claim file surges in historical data and specific factors affecting the Scheme Creditor, such as the impact of being a recently targeted defendant). The projection method relies on asbestos claim emergence patterns derived from generally accepted epidemiological studies of the exposed working population. An appropriate emergence pattern (or "curve") will be selected for each relevant Scheme Creditor (e.g. one of the "Stallard" curves based on Manville data). Based on the number of claims projected by the selected curve, a decay rate will be derived. In other words, the shape of the selected curve will be applied to the selected current year filings to derive a filing rate for each future year.

Dismissal Rate – The dismissal rate represents the percentage of claims filed that are expected to close without payment. The complement of the dismissal rate is applied to the number of claims filed to determine the number of claims filed that will settle with payment. The selected dismissal rate is based on the Scheme Creditor's historical number of claims closed without payment divided by the total number of claims closed. Appropriate allowance will be made for anomalies in this historical dismissal rate, for example caused by large bulk dismissals, or a less aggressive dismissal philosophy. Any relevant reforms in State level legislation that might affect future dismissal rates compared to historical rates will also be taken into account. Relevant information supplied by the Scheme Creditor and/or Attorney reports that might be available to the Scheme Manager/Scheme Actuary will be used to assess whether any such anomalies might exist.

Settlement Distribution – The settlement distribution reflects the number of years between the filing date and the settlement date of a claim. The number of claims settled in a given year is determined by applying the settlement distribution to the number of claims filed not dismissed in the current and prior years. Unless there is evidence (e.g. as might be supplied by the Scheme Creditor) that an alternative should be used, the settlement distribution will be assumed to be uniformly spread over the four years following the filing date.

Indemnity Severity – The indemnity severity represents the average indemnity costs expected for each claim settled at cost and is selected based on the Scheme Creditor's historical average indemnity cost per settled claim. Consideration will be given to the historical average indemnity severity for all settled claims and those settled in more recent years.

Severity Trend – The severity trend represents an expected annual increase in indemnity and expenses associated with settled claims in future years. The severity trend will be impacted by a number of effects. Firstly, average claim sizes will increase over time due to general cost inflation. This trend may be affected by the changing mix of claim-types over time (e.g. in recent years there have been more U.S. claims relating to non-malignant injuries than was the case several years ago). Further, the average age of claimants will become higher, potentially reducing the part of the claim related to future earnings and/or costs of care. The Scheme Actuary will select an appropriate severity trend for a particular Scheme Creditor's Scheme Claim, taking into account relevant factors at the time of the analysis, including any allowance for changes in legislation that may affect the severity trend.

Expense-to-Indemnity Ratio – The expense-to-indemnity ratio is applied to the projected indemnity costs for each future year to determine a provision for expenses. The expense-to-indemnity ratio is selected based on the Scheme Creditor's historical ratios of expenses to indemnity payments. Consideration will be given to the historical ratios for settled claims in appropriate groups of past years. Additional consideration is given to changes in defence strategy and the maturity of the Scheme Creditor as an asbestos defendant.

A.3 Coverage

Information will be gathered from the Scheme Manager and/or Scheme Creditor to ascertain each Scheme Creditor's insurance coverage block. Where this information is not available, the Scheme Actuary will consider whether appropriate assumptions can be made, possibly based on the experience of other similar assureds (that may not necessarily be Scheme Creditors). In some cases, the absence of coverage information might lead to a simpler approach necessarily being adopted, which may result in a lower overall value being assessed for the Referred Claim than if such coverage information were available.

A.4 Exposure of the Scheme Creditor's Policies

Having consulted with the Scheme Creditor, where required, the Scheme Manager will advise the Scheme Actuary of the relevant Scheme Creditor's Policies with potential exposure to asbestos-related claims.

A.5 Allocation of Scheme Creditor's ground-up claims to the Scheme Creditor's Policies

The allocation used will conform to the applicable governing law, and may also take into account information provided by the Scheme Creditor. In situations where there is no known choice of law, or where it is in dispute or cannot otherwise be determined, the Scheme Actuary will use a "fallback" process outlined below. In applying the fallback process, the Scheme Actuary will modify its application if the policy language and/or coverage defences justify doing so.

Where it is deemed appropriate to allocate claims based on actual exposure across the relevant years (e.g. a "bell-curve" type approach) but where Scheme Creditor-specific historical data is not available to derive the allocation, then consideration will be given to using an exposure profile for similar assureds (that may not necessarily be Scheme Creditors).

It should be noted that, regardless of what allocation is deemed appropriate, under no circumstances will any policy be able to respond to claims beyond that of its individually stated limits as per the policy wording (e.g products-related claims will only be capable of possible recovery under the products section of the relevant policy and non-products claims under the relevant non-products section of the policy).

Where the prevailing law is "All-Sums", then the Scheme Actuary will apply an "All-Sums Net of Contribution Rights" approach, given that contribution rights will be exercised. This approach is described in Section C.2 – Pollution Direct. Where there are a range of possible allocation methods, the Scheme Actuary will select appropriate probability weightings between the possible methods.

The fallback allocation process will be as follows:

- Develop the ground-up ("GU") asbestos ultimate indemnity and expense estimate for the Scheme Creditor, as described above.
- If the total GU estimate is less than the sum of the available primary layer coverage over all years, Approach 1 (described below) is adopted, otherwise Approach 2 is adopted. The GU estimate here will either include or exclude expenses, depending on whether expenses are included within the primary limits or in addition.

Approach 1:

- Divide the GU estimate by the number of years in the coverage block, to derive an amount per year, taking into account the relevant facts relating to the Scheme Creditor (e.g. when the product or agent causing the exposure was produced).
- Apply the yearly amount to the insurance programme, using the following steps:
 - If the primary layer is not exhausted for any one year, then the process is complete.
 - If the primary layer is exhausted for one or more years, then sum the additional amounts for these years and allocate these amounts to the primary layers which still have unexhausted limits. This additional amount is allocated equally between the years with spare capacity.
- If at this second iteration, the additional allocation causes some of these primary layers to be exhausted, then further iterations of the previous step are carried out until all the GU estimate is allocated within the primary layers.

Approach 2:

- First, the primary layers across all relevant years are all fully exhausted.
- The sum of the primary layer recoveries is deducted from the GU estimate to derive an amount that needs to be allocated through the excess layers. Expenses are either included or excluded at this stage, according to the policy wording.
- Divide the total excess layer amount by the number of years in the coverage block, to derive an amount per year.
- For each year, compare the allocated amount per year with the amount of available excess layer cover in that year and allow recovery up to a maximum of the available excess layer cover.

Consideration will also be given to the treatment of expenses for each layer in the Scheme Creditor's coverage block. Information will be obtained regarding the expense treatment by layer from the coverage and other information provided by the Scheme Creditor and/or Scheme Manager.

Without specific information to the contrary, the Scheme Actuary will assume that for primary layers, expenses are in addition to limits and for excess layers expenses are included within limits.

After the allocation of the indemnity and expenses (either via the governing law basis or the fallback basis outlined above) to each coverage year is complete, the share of the estimated ultimate indemnity and expense (excluding solicitor costs and attorney fees paid directly by the Scheme Companies) covered by the Scheme Creditor's Policies will be calculated as the summation of the ultimate signed line under the Scheme Creditor's Policies (on each layer on which the Scheme Companies participated) multiplied by the allocated claims to that layer.

A.6 Asbestos values in respect of the Scheme Creditor's Policies

If the sum of the ultimate asbestos indemnity and expense amounts (where they are included within limits) and the ultimate non-asbestos-products claims is higher than the limit on the Scheme Creditor's policy, then the ultimate asbestos amount will be reduced such that the total asbestos ultimate plus the incurred non-asbestos products claims is no higher than the limit on the Scheme Creditor's policy.

If information is not available on the nature of any non-asbestos claims, then it will be assumed that all non-asbestos claims covered by Scheme Creditor's policies that are associated with the Scheme Creditor are products-related, except for pollution claims.

The asbestos indemnity and expense amounts representing Paid Claims under the Scheme Creditor's policies, excluding solicitor and attorney fees paid directly by the Scheme Companies, are subtracted from the ultimate indemnity and expense estimate under Scheme Creditor's policies to determine the asbestos reserves for each Scheme policy.

Similarly, the asbestos IBNR reserves for each Scheme Creditor's policy are determined by subtracting the known Outstanding Claims as at the Ascertainment Date from the asbestos reserves for that Scheme Creditor's policy.

Attachment B U.S. Asbestos Treaty

B.1 Introduction

For each Scheme Creditor where Asbestos Treaty claims are referred to the Scheme Actuary, one of two alternative approaches will be used:

1. A detailed ground-up exposure approach.
2. A simpler, benchmark-based approach.

The approach used by the Scheme Actuary is likely to vary depending on the availability of data, the type of business written by the Scheme Creditor and the information supplied by the Scheme Creditor under the Scheme.

For facultative reinsurance, a ground-up exposure-based approach (as for Asbestos Direct) will be used where suitable data and information is available. The description of the relevant Estimation Methodology can be found in Attachment A, modified to reflect the application of the relevant facultative reinsurance contracts.

For first tier (i.e. reinsurance of direct business) excess of loss reinsurance and proportional reinsurance, a form of Treaty exposure approach (described below) will be used, again where suitable data and information is available. For all other reinsurance types (e.g. London Market cedants or retrocession-type business), it is highly likely that it will be necessary to use a simpler benchmark-based approach (described below), because the data and information needed to apply a more detailed ground-up exposure-based approach is unlikely to be available.

The approach to be used is very dependent on the data and information supplied by the Scheme Creditor, since, for example, it will be very difficult for the Scheme Actuary to apply a detailed exposure-based method without details of underlying direct exposures, which he would not otherwise have access to from wider sources. It will be in every relevant Scheme Creditor's interest to provide as much detailed information as possible to enable the Scheme Actuary to apply the detailed exposure-based approach where appropriate. In the absence of such information, the Scheme Actuary will need to use the simpler benchmark approach which may result in a different amount being derived by the Scheme Actuary, compared to that derived from application of the detailed exposure-based approach.

B.2 First-tier reinsurance exposure-based approach

For Scheme Creditors who themselves wrote direct insurance of asbestos defendants (first-tier reinsurers), a form of exposure-based approach will be used where suitable data and information is available. The required data and information is described in the relevant section of Attachment G.

The overall approach will be as follows:

- a) Identify all relevant underlying direct assureds, and the coverage written by the Scheme Creditor for each of those assureds.
- b) Estimate ultimate losses to the Scheme Creditor arising from each of those assureds.
- c) Apply the relevant Scheme policy terms to the ultimate loss to estimate the losses from each assured to the Scheme Creditor's Policies.

These steps are described in more detail below.

- a) Identify underlying direct assureds

These assureds will be those that have either already impacted upon policies under which the Scheme Creditor is claiming, or those which the Scheme Creditor is able to show are likely to impact such policies in future. Assuming that the Scheme Creditor has conducted their own underlying direct exposure-analysis, then it will be necessary to determine which of the totality of assureds are likely to expose the Scheme Creditor's policies, based, for example, on exposed years and likely size of direct loss to the Scheme Creditor.

- b) Estimate ultimate claims to the Scheme Creditor from each assured

The appropriate methodology to use here will be similar to that outlined in Attachment A for Asbestos Direct. It will result in estimated ultimate claims to each year from each assured.

If part of the Scheme Creditor's Scheme Claim to the Scheme policies relates to one or more settlements between the Scheme Creditor and their underlying assureds, then it will be necessary for the Scheme Creditor to show that these settlements are validly collectable from the Scheme policies.

c) Estimate claims to Scheme Creditor's Policies

This will involve applying the estimated loss from each assured for each year, to the terms (i.e. layers, shares etc.) of the Scheme Creditor's policies in each year. Appropriate allowance will need to be made for expenses, that may be in addition to the layer limits. In areas of doubt, expenses will be assumed to be included within the policy limits.

The number of reinstatements will be determined from the Scheme Manager's and/or Scheme Creditor's data. Where there is no data on reinstatements, and there is no evidence to the contrary, then the Scheme Actuary will select the number of reinstatements, based on what he considers to be the market practice for the relevant policies.

Scheme Creditors will need to provide reasonable evidence that there is known or potential exposure arising under relevant policies to specific underlying assureds.

The result of the above analysis will be an ultimate loss selection for each underlying defendant for each relevant policy for the Scheme Creditor under review by the Scheme Actuary. Depending on the information available, the Scheme Actuary will consider whether it is appropriate to add any additional loadings to allow for:

- Non-products claims
- Unreported defendants.

Non-products

If Scheme Creditors can clearly demonstrate exposure to Non-products losses on their Treaty policies, including how, and under which contract clauses, claims aggregate to expose the Treaty policies, then the Scheme Actuary will take this into account in forming his estimates. Without evidence to the contrary from the Scheme Creditor, the Scheme Actuary will assume no exposure to Non-products claims.

Unreported Defendants

If the Scheme Actuary believes that the above analysis requires an additional loading for unreported asbestos defendants, then he will add such a loading. If, for example, there is evidence of exposure to other specific defendants, or there is an observed emergence of new defendants, then such a loading might be appropriate. However, this loading will be zero unless the Scheme Creditor has supplied information to demonstrate that the above analysis

does not adequately capture the unreported defendants that the policies are likely to be exposed to in the future.

B.3 Benchmark Approach

In circumstances where the ground-up exposure based approach cannot be applied (e.g. due to data constraints) in whole or part, or where, in the opinion of the Scheme Actuary, the size of the Referred Claim does not justify such a detailed approach, then a simpler approach will be used. This will involve one or more of the following:

- Gathering information on the nature of the inwards business written by the Scheme Creditor, and on the Scheme Creditor's underlying inwards asbestos paid, incurred and IBNR Claims.
- Gathering information on the current and prior historical development of asbestos paid and incurred claims to each policy under review for the particular Scheme Creditor.
- Selection of appropriate benchmark IBNR-to-Outstanding Claims ratios, Ultimate to Paid or Incurred claims and/or Paid Survival Ratios or Burn Factors.
- Application of those benchmark factors to the Scheme Creditor's data to derive alternative estimates for the Referred Claim.
- Selection of final Referred Claim estimate.

Attachment C U.S. Pollution Direct

C.1 Introduction

Referred Claims for this category will be determined by allocating an estimated ultimate pollution indemnity and expense amount by site to the Scheme Creditor's Policies using a "ground-up" exposure-based methodology. This amount will be calculated from the Scheme Creditor's paid pollution claims to date plus an estimate of future pollution claims associated with relevant sites to which the Scheme Creditor can demonstrate they have exposure.

The methodology described here will be modified if alternative, more accurate data and information is supplied by the Scheme Creditor as part of their claim submission under the Scheme (e.g. for estimating ultimate clean-up costs for particular sites, the Scheme Creditor may have access to additional specific information that will allow a more accurate ultimate to be estimated).

C.2 Summary of approach

The environmental pollution exposure analysis takes into account the following items:

- information on Potentially Responsible Parties ("PRPs") by site;
- win factors, which allow for the probability that the Scheme Creditor will win in litigation against the Scheme Company;
- global estimates on clean-up costs and PRP expenses for National Priority List ("NPL") sites;
- alternative event triggers dependent on the site and State. Where an "All-Sums" basis is appropriate, the Scheme Actuary will use the "All-Sums Net of Contribution Rights" approach (described below).

The actuarial exposure-based model used by the Scheme Actuary will consider all NPL sites and significant non-NPL sites to which, based on current information, each relevant Scheme Creditor can demonstrate they are exposed. Each site will be treated as a separate occurrence. The outline steps involved in estimating an individual Scheme Creditor's liability are as follows:

- the period(s) over which the Scheme Creditor was involved at each site is identified;
- the costs over the period for each site are allocated to each PRP in accordance with its appropriate share (as set out in the Record of Decision, as provided by the relevant

court in the U.S., for that site) or an estimate of the appropriate share based on knowledge of the time for which a PRP participated in a site, or usage that it made of that site, compared to the time or usage related to other PRPs at that site;

- the Scheme Creditor's ultimate cost for each site is allocated across years using the appropriate methodology;
- the policy profile is applied to each Scheme Creditor's estimated claims on a year-by-year basis;
- legal coverage issues involved in determining the validity of the claim are taken into account when determining final estimates of liability; and
- a cost per policy is developed after taking account of any further aspects of liability (e.g. PRP expenses).

Additional details on the following key components of this approach are given in the remaining sections of this Attachment, covering the following items:

- a) Costs and expenses
- b) PRP shares
- c) Types of site
- d) Choice of Law
- e) Trigger
- f) Allocation
- g) All-Sums allocation
- h) Win factors
- i) Prior settlement agreements
- j) Missing information

a) Costs and expenses associated with each pollution site

There are several different types of costs associated with a particular site, for which PRPs might seek recovery from their insurer. The main categories of cost are discussed below. Where possible, the ratio of historical paid costs (excluding and including expenses) to future costs will be used to assess the reasonableness of future cost estimates (made by the Scheme Creditor, Scheme Manager and/or Scheme Actuary).

Clean-up/remediation costs: These are the property-damage non-products related costs associated with cleaning up or remediating hazardous waste sites. There are a number of sub-categories of such costs, including emergency response, remedial investigation/feasibility, selection and design of remediation option and the actual remediation costs. The Scheme Actuary will take into account all relevant categories of costs, where sufficient evidence is available to justify their inclusion. In submitting data to the Scheme Actuary, Scheme Creditors should use undiscounted estimates of clean-up costs. However, in some cases, if an Attorney report has been used as the source for clean-up costs, then if these are already discounted for the time value of money, the Scheme Actuary will consider whether the implied discounting factor is appropriate for the purpose of determining the Referred Claim value under the Scheme policies. Where it is appropriate to make projections of future clean-up costs, then the Scheme Actuary will assume, without firm evidence to the contrary, that any impact of inflation is offset by improvements in clean-up technology that will help reduce clean-up costs.

Natural Resource Damages (NRD): These relate to costs associated with compensating public authorities for natural resources (e.g. plants and animals) that were either lost at a particular site or that need to be replaced as a result of the remediation process. NRD costs will be assumed to be zero, without firm evidence to the contrary.

Bodily injury costs: These relate to, for example, bodily injury caused to persons living near to polluted sites.

Products-related costs: These relate, for example, to third-party liability costs associated with damage to crops caused by certain agricultural products.

Resource Conservation and Recovery Act (RCRA): The Scheme Actuary will assume that liability for RCRA sites will be zero, without firm evidence to the contrary.

Scheme Creditor Defence costs: These are costs incurred by the Scheme Creditor in defending claims against them for pollution-related indemnity amounts. The relevant policy wording will be used to determine whether these costs are covered and within limits or in addition to policy limits (with the default being within limits, where there is no firm evidence to the contrary). Where there is limited information on the size of these costs, the Scheme Actuary will select an appropriate proportion of indemnity amounts.

b) PRP shares at each site

Shares of PRPs at particular sites is a particularly difficult area, where such proportions have not already been determined. In the absence of firm information regarding a particular Scheme Creditor's share at a particular site, the Scheme Actuary will assume an even share of the costs amongst the known PRPs at a particular site, with an adjustment where it is believed (e.g. due to identified uncertainty around the specific and/or number of PRPs that are involved at a particular site) that further PRPs will be identified in future.

c) Types of site

Only sites where the Scheme Creditor has a known involvement will be included as part of the Scheme Actuary's calculation of the Referred Claim value. Such sites can either be on the National Priority List (NPL) or not. Speculative inclusion of further sites where the Scheme Creditor might have an involvement either currently or in the future will not be included as part of the calculation. Scheme Creditors are therefore advised to supply as full information as possible to document their known exposure at relevant sites (e.g. engineers' reports).

d) Choice of Law

The assumptions used for trigger, allocation and for the strength of the various win factors will depend on which State's law is to be used for each site. In the absence of any evidence or factors to the contrary, the Scheme Actuary will assume that the location of each site will determine the jurisdiction, unless the Scheme Creditor can justify an alternative.

e) Trigger

The appropriate trigger will be determined by the Choice of Law. The most common trigger is the continuous trigger, whereby all policies are triggered from the start of the Scheme Creditor's involvement at the site to the date when the damage is discovered or upon receipt of formal notification of liability by means of a PRP letter from the relevant State or federal agency. However, other triggers, such as manifestation, exposure and injury-in-fact are valid

alternatives. Where there is uncertainty within a State, a probability weighted average of different triggers may be adopted.

f) Allocation

The appropriate allocation methodology will be determined by the Choice of Law. In States where this issue is uncertain, a probability weighted average will be adopted. The weights will be derived from estimated probabilities that can be applied to each possible methodology, perhaps based on expert (e.g. legal) opinion, if the Scheme Actuary considers this necessary. The two most common allocation methodologies are Pro-Rata and All-Sums. The Pro-Rata allocation methodology will spread each site's cost evenly across the triggered years from the ground up. Under an All-Sums allocation, the All-Sums Net of Contribution Rights approach will be used, as described below.

g) All-Sums allocation

In some cases, a Scheme Creditor may make a claim using an "All-Sums" basis in a State where the Choice of Law implies that this basis is appropriate. In such situations, in the interests of achieving an early settlement with the Scheme Company, the Scheme Actuary will modify the amount claimed using a form of proxy for this basis. We refer to this proxy as "All-Sums Net of Contribution Rights" or "ASCOR".

With an "All Sums" approach, the insured selects the year in which all of its loss is to be initially allocated and the claim is then initially paid by the insurer(s) on that year alone. Most jurisdictions have recognised the fact that in order to ensure a fair allocation of the liability between the insurers, further allocation of the costs between insurers is appropriate following initial payment by the all sums year insurers to the insured. The insurers therefore generally have the right to pursue the insurers of the other triggered years within the overall coverage block for their share of the loss. This process allocates part of the loss originally allocated to the initial year to some of the other coverage years (including possibly to Scheme Creditor's policies other than those policies on which the loss has been allocated initially and/or other insurers).

The application of ASCOR will, where known, take into account relevant issues relating to non-recoverability of certain coverage (intentional or insolvent).

For Scheme crystallisation, the ASCOR approach is necessary to ensure fairness across different creditor groups within the Scheme as well as between the Scheme Company and the

All-Sums Scheme Creditors. As the scheme settlements are in advance of any market or court approved settlement, the Scheme Company does not have the ability to recover the contributions which will ultimately be due and are relevant to the fair allocation of assets to the liabilities of the Scheme Creditors at the time of the crystallisation.

The ASCOR allocation gives figures equivalent to the end result of the All- Sums approach, with each insurer paying its share of the final allocation, assuming the claim has been paid on an All-Sums basis by the relevant insurer(s) and then recovered from the insurer(s) on the other coverage years.

Where necessary, the Scheme Manager can assign those recovery or "contribution" rights over to the Scheme Creditor so that the Scheme Creditor is able to recover the relevant amounts from the other insurers when the claim is subsequently agreed across the market or in the courts to be collectable from the selected All-Sums coverage year.

h) Win-factors

The Scheme Actuary will take into account the specific circumstances of each claim for each relevant site when determining whether, and by how much, the IBNR amount should include an adjustment for a win-factor. Factors such as policy wordings and the history of relevant legal decisions in particular States will be taken into account and where necessary, the Scheme Actuary will take appropriate legal advice.

i) Prior settlement agreements

In some cases, PRPs may have settled with other insurers, either on an individual site or group of known-sites basis ("known sites release"), or across all known and potential sites where the PRP has an involvement ("full pollution release"). Where these agreements affect Scheme policies, and have not already been processed as Paid Claims by the Scheme Company, then the Scheme Actuary will consider whether it is appropriate to follow these agreements when estimating the Referred Claim for each relevant Scheme policy. In deciding whether these agreements should be followed, the Scheme Actuary will review the underlying assumptions behind the settlement for reasonableness and consistency with other similar Scheme Claims.

j) Missing information

For most sites, we would expect to source information from reports and information supplied by the Scheme Creditor. In addition, for some sites, the Scheme Actuary may be able to

make use of publicly available information available, for example, on estimated clean-up costs (e.g. for NPL sites, the Record of Decision available from the Environmental Protection Agency gives some information on estimates of clean-up costs for certain sites).

However, for large numbers of pollution sites, particularly non-NPL sites, it is likely that there will be limited publicly available information relating to items such as costs, years of operation, PRP shares etc., that the Scheme Actuary can use to estimate the associated amount applicable to each Scheme policy. In such cases, the Scheme Actuary will use his judgement to select appropriate assumptions based on other sites where such information is known. In general terms, non-NPL sites will be assumed to have lower associated costs than NPL sites.

Scheme Creditors are strongly advised to supply detailed information (e.g. engineers' reports) for each relevant site, to avoid the need for the Scheme Actuary to use publicly available data and information.

Attachment D U.S. Pollution Treaty

D.1 Introduction

For each Scheme Creditor where U.S. Pollution Treaty claims are referred to the Scheme Actuary, one of two alternative approaches will be used:

1. A detailed ground-up exposure approach.
2. A simpler, benchmark-based approach.

It should be noted that in all cases, it will be necessary for the Scheme Creditor to have already shown (prior to the submission to the Scheme Actuary for the claim to be reviewed) that pollution claims can be validly collected under the relevant Scheme Creditor's policies. In addition, if part of the Scheme Creditor's Scheme Claim to the Scheme policies relate to one or more settlements between the Scheme Creditor and their underlying assureds, then it will be necessary for the Scheme Creditor to show that these settlements are validly collectable from the Scheme policies (as certain types of pollution settlements may not be covered by the wording of the Scheme policies).

The approach used by the Scheme Actuary is likely to vary depending on the data available, the type of business written by the Scheme Creditor and the information supplied by the Scheme Creditor under the Scheme.

For facultative reinsurance, a ground-up exposure-based approach (as for Pollution Direct) will be used where suitable data and information is available. The description of the relevant Estimation Methodology can be found in Attachment C, modified to reflect the application of the relevant facultative reinsurance contracts.

For first tier (i.e. reinsurance of direct business) excess of loss reinsurance and proportional reinsurance, a form of Treaty exposure approach (described below) will be used, again where suitable data and information is available. For all other reinsurance types (e.g. London Market cedants or retrocession- type business), it is highly likely that it will be necessary to use a simpler benchmark-based approach (described below), because the data and information needed to apply a more detailed ground-up exposure-based approach is unlikely to be available.

The approach to be used is very dependent on the data and information supplied by the Scheme Creditor, since, for example, it will be very difficult for the Scheme Actuary to apply a detailed exposure-based method without details of underlying direct exposures, which he

would not otherwise have access to from wider sources. It will be in every relevant Scheme Creditor's interest to provide as much detailed information as possible to enable the Scheme Actuary to apply the detailed exposure-based approach where appropriate. In the absence of such information, the Scheme Actuary will need to use the simpler benchmark approach which may result in a different amount being derived by the Scheme Actuary, compared to that derived from application of the more detailed exposure-based approach.

D.2 First-tier reinsurance exposure-based approach

For Scheme Creditors who themselves wrote direct insurance of pollution assureds (first-tier reinsurers), a form of exposure-based approach will be used where suitable data and information is available. The required data and information is described in the relevant section of Attachment G.

The overall approach will be as follows:

- a) Identify all relevant underlying direct assureds (and associated pollution sites), and the coverage written by the Scheme Creditor for each of those assureds.
- b) Estimate ultimate losses to the Scheme Creditor arising from each of those assured/sites.
- c) Apply the relevant Scheme Policy terms to the ultimate loss to estimate the losses from each assured/site to the Scheme Creditor's policies.

Without evidence to the contrary, the method of aggregation to policies will be per-site/per-assured/per-year.

These steps are described in more detail below.

- a) Identify underlying direct assureds and pollution sites

These assureds/sites will be those that have either already impacted Scheme Creditor's policies under which the Scheme Creditor is claiming, or those which the Scheme Creditor is able to show are likely to impact such policies in future. Assuming that the Scheme Creditor has conducted their own underlying direct exposure-analysis, then it will be necessary to determine which of the totality of assureds/site combinations are likely to expose the Scheme Creditor's policies, based, for example, on exposed years and likely size of the direct loss to the Scheme Creditor.

b) Estimate ultimate claims to the Scheme Creditor from each assured/site

The appropriate methodology to use here will be similar to that outlined in Attachment C for Pollution Direct. It will result in estimated ultimate claims to each year from each assured/site combination.

If part of the Scheme Creditor's Scheme Claim relates to one or more settlements between the Scheme Creditor and their underlying assureds, then it will be necessary for the Scheme Creditor to show that these settlements are validly collectable from the Scheme Company.

c) Estimate claims to Scheme Creditor's Policies

This will involve applying the estimated loss from each site/assured for each year, to the terms (i.e. layers, shares etc.) of the Scheme Creditor's policies in each year. Appropriate allowance will need to be made for expenses that may be in addition to the layer limits. In areas of doubt, expenses will be assumed to be included within the policy limits.

The number of reinstatements will be determined from the Scheme Manager's and/or Scheme Creditor's data. Where there is no data on reinstatements, and there is no evidence to the contrary, then the Scheme Actuary will select the number of reinstatements, based on what he considers to be the market practice for the relevant policies.

Where there is any doubt about potential exposure of certain policies to certain underlying assureds/sites, and without evidence to the contrary, it will be assumed that such policies will not be exposed to claims from those assureds/sites.

D.3 Benchmark Approach

In circumstances where the ground-up exposure based approach cannot be applied (e.g. due to data constraints) in whole or part, or where, in the opinion of the Scheme Actuary, the size of the Referred Claim does not justify such a detailed approach, then a simpler approach will be used. This will involve one or more of the following:

- Gathering information on the nature of the inwards business written by the Scheme Creditor, and on the Scheme Creditor's underlying inwards pollution paid, incurred and IBNR claims.
- Gathering information on the current and prior historical development of pollution paid and incurred claims to each policy under review for the particular Scheme Creditor.

- Selection of appropriate benchmark IBNR-to-Outstanding Claims ratios, Ultimate to Paid or Incurred claims ratios and/or Paid Survival Ratios or Burn Factors.
- Application of those benchmark factors to the Scheme Creditor's data to derive alternative estimates of Referred Claim.
- Selection of final Referred Claims estimate.

Attachment E Health Hazards and Other Toxic Torts: Direct and Treaty

E.1 Direct Policies

For direct claims, an exposure-based approach will be used. Given the range of possible claim categories here, we cannot describe in any detail the approach to be adopted. However, the general characteristics of the approach are similar to those outlined in Attachment A for U.S. Asbestos.

Without evidence to the contrary, claims arising from Health Hazards and Other Toxic Torts ("HHOTT") will be treated as products claims.

E.2 All other policies

For these policies, the Scheme Actuary will use a benchmark-style approach involving the following steps (for each separate category of HHOTT, if possible).

- Gathering information on the nature of the inwards business written by the Scheme Creditor, and on the Scheme Creditor's underlying inwards HHOTT paid, incurred and IBNR Claims (for each separate category of HHOTT if possible).
- Gathering information on the current and prior historical development of HHOTT paid and incurred claims to each policy under review for the particular Scheme Creditor.
- Gathering information on the current non-HHOTT products-related Paid, Incurred and Ultimate claims to each Scheme Creditor's Policy under review for the particular Scheme Creditor.
- Selection of appropriate benchmark IBNR-to-Outstanding Claims ratios, Ultimate to Paid or Incurred claims ratios and /or Paid Survival Ratios or Burn Factors.
- Application of those benchmark factors to the Scheme Creditor's data to derive alternative estimates of the Referred Claim.
- Selection of final Referred Claim estimate.

Attachment F Non-APH Claims: Direct and Treaty

F.1 Direct and Treaty Summary

For these claim types, appropriate development factors by class of business will be derived by application of standard actuarial techniques, such as the Link Ratio (or Chain Ladder) method to claims development triangles. These factors will either be derived from relevant data supplied by the Scheme Creditor, or from other appropriate data for the relevant classes of business.

The Link Ratio method is based on deriving trends in the progression of cumulative paid claims and cumulative incurred claims from the past data and projecting this pattern into the future. This process implicitly assumes that the development pattern is stable through time. The overall approach is to examine the experience pattern for all origin periods together so as to obtain a broad measure of consistency. Any individual origin periods which show unusual departures from this pattern are then examined in more detail.

In some cases, the above approach may need modifying, to consider:

- a) Details of known individual claims, including consideration of associated loss adjuster or attorney reports.
- b) Loss emergence patterns (i.e. number and amount of claims that have emerged in the past for the relevant policies).

F.2 Individual events

For large individual events (e.g. Piper Alpha arising under an Excess of Loss treaty) , the Scheme Actuary will proceed as follows:

- a) Where the Scheme Creditor's underlying gross loss development is available for each event, project that development to ultimate using paid and/or incurred link ratio/curve-fitting methods, and then apply that gross loss estimate to the relevant Scheme Creditor's Policies.
- b) Alternatively, if loss development data for the relevant Scheme Creditor's policies themselves for that event are available, then these will be projected to ultimate in a similar way to the Gross claims in a) above.
- c) If development data is not available, then appropriate benchmark factors for each of the relevant events will be applied to the Scheme Creditor's data for that event. For

example, an appropriate benchmark IBNR-to- Outstanding Claims ratio, or Ultimate to Paid/Incurred claims ratio for the event might be multiplied by the Outstanding Claims or Paid/Incurred claims respectively, for that event under the relevant Scheme Creditor's Policies.

- d) Policy limits will need to be considered in the above approach, taking into account erosion from all claim types.

For certain events where a particular approach has been adopted by the Scheme Manager for valuing such claims due to special circumstances relating to the event (e.g. those where there are specific issues surrounding the original market loss), the Scheme Actuary will consider whether it is appropriate to take this approach into account when applying the above approach. Without evidence to the contrary, it is likely that the Scheme Actuary will follow the Scheme Manager's approach for such claims.

Attachment G Suggested Supporting Documentation

G.1 Introduction

This Attachment sets out the information that Scheme Creditors should submit to support the type of claim that may be referred to the Scheme Actuary. This will allow the Scheme Actuary to apply the Estimation Methodology. This information may also be suitable for any Scheme Claim that contains an element of Outstanding Claims or IBNR, but which may not be referred to the Scheme Actuary.

In some cases, provision of certain parts of this information may require confidentiality / hold-harmless documents to be signed by the Scheme Actuary. Subject to agreement of terms, this will be acceptable, prior to release of the relevant information to the Scheme Actuary.

Claim Type	Summary of examples of supporting information
1. U.S. Asbestos Direct	<p>1.1 A list showing:</p> <ul style="list-style-type: none"> ● all relevant policy, claim and attorney references/ID's and policy type (e.g. primary/excess/umbrella); ● inception and expiry dates of cover; ● policy excess (i.e. attachment point) and limits (including details of aggregate and/or per-occurrence combined single limits and if, relevant, details of separate bodily injury and property damage single limits); ● full coverage chart; ● Scheme Company's share of each policy; ● details of whether expenses are in addition or included in policy limits; ● information on underlying primary layers and self-insured retentions; ● paid and incurred claims as at the Ascertainment Date for each policy, split into asbestos-related, other products-related and non-products related; and ● other relevant policy information, such as details of exclusions. <p>1.2 Underlying data and details of method and calculation of ultimate claims used by the Scheme Creditor to estimate IBNR claims, across all relevant years and policies, split into products and non-products claims. Justification of all assumptions used should also be supplied.</p>

Claim Type	Summary of examples of supporting information
	<p>1.3 Choice of law that is relevant to the claims being made, including justification for that choice, together with the Scheme Creditor's interpretation of how it applies to their submitted claim.</p> <p>1.4 Trigger and allocation bases used, including rationale for their use.</p> <p>1.5 Historical asbestos claim numbers and amount information, and a description of the methodology used for estimating future/projected numbers and amounts (split by indemnity and expense). This information should include the number of newly reported claims, settled claims and dismissed claims and their associated payments by month (or failing that, by quarter), for at least the last 24 months (where available). A breakdown by disease type and jurisdiction should be given. In particular, where relevant, a separate breakdown of claims filed in Mississippi and Texas should be included, so that appropriate consideration can be given to any possible surge in certain years for these States.</p> <p>1.6 Details of treatment of all specific issues affecting estimation of future claims (e.g. treatment of non-products exposures).</p> <p>1.7 Copies of relevant internal and /or external actuarial or other reports.</p> <p>1.8 Copies of any relevant Attorney reports prepared for the Scheme Creditor, and an explanation as to how these reconcile by policy to any IBNR amounts submitted by the Scheme Creditor and the basis for any differences in approach adopted by the Scheme Creditor compared to the Attorney report(s).</p> <p>1.9 A summary of the corporate history of the Scheme Creditor, the products manufactured and the years of production.</p>
2. U.S. Pollution Direct	<p>2.1 A list showing:</p> <ul style="list-style-type: none"> ● all relevant policy, claim and attorney references/ID's and policy type (e.g. primary/excess/umbrella); ● inception and expiry dates of cover; ● policy excess (i.e. attachment point) and limits (including details of aggregate and/or per-occurrence combined single limits and if, relevant, details of separate bodily injury and property damage single limits); ● full coverage chart; ● Scheme Company's share of each policy;

Claim Type	Summary of examples of supporting information
	<ul style="list-style-type: none"> ● details of whether expenses are in addition or included in policy limits; ● information on underlying primary layers and self-insured retentions; ● paid and incurred claims as at the Ascertainment date for each relevant policy; and ● other relevant policy information, such as details of exclusions. <p>2.2 Details of each site where a claim is being made, showing:</p> <ul style="list-style-type: none"> ● site reference codes; ● site names and locations (city, State); ● full details of each site, including number of years that the site was active, number of other Potentially Responsible Parties at the site and their time using/usage of that site; ● basis for each assured's (i.e. Potentially Responsible Parties) share at each site and estimated non-products property damage clean-up costs, bodily injury costs, Natural Resource Damages (NRD), agricultural or other products costs and defence costs by site (including detailed description of the approach to estimating these costs by type of cost). This should include details of any assumed inflation assumptions and whether clean-up costs are present-value or not, and whether or not they include ongoing monitoring or feasibility study costs, and if so, the basis for estimation of such cost; ● Source information on costs estimates, including copies of Records of Decisions (RODs) and engineering reports (the latter being particularly relevant for non-NPL sites) splitting costs between the past and the future; ● full details of any relevant coverage-in-place agreements (showing whether the agreement represents a full pollution release or a known sites release). <p>2.3 Underlying data and details of method and calculation of ultimate losses used by the Scheme Creditor across all relevant years (by site, if exposed to more than one site) and policies. Justification of all assumptions used should also be supplied.</p> <p>2.4 Choice of law that is relevant to the claims being made, including justification for that choice, together with the Scheme Creditor's interpretation of how it applies to their</p>

Claim Type	Summary of examples of supporting information
	submitted claim.
	<p>2.5 Trigger and allocation bases used, including rationale for their use.</p> <p>2.6 Details of treatment of all specific issues affecting estimation of claims, including win factors.</p> <p>2.7 Relevant internal and/or external actuarial or other reports.</p> <p>2.8 Relevant internal or external engineering or other expert's reports relating to specific pollution sites.</p> <p>2.9 Copies of any relevant attorney reports prepared for the Scheme Creditor, and an explanation as to how these reconcile by policy to any IBNR amounts submitted by the Scheme Creditor and the basis for any differences in approach adopted by the Scheme Creditor compared to the attorney report (e.g regarding adjustments made by the attorneys for win factors).</p> <p>2.10 A brief summary of the corporate history of the Scheme Creditor and the details of their association with the relevant Sites.</p>
3. U.S. Asbestos Treaty	<p>3.1 Where a full exposure method has been used, the supporting information should consist of:</p> <ul style="list-style-type: none"> ● List of all known underlying assureds, including details of method and rationale for selection of estimated gross ultimates to the Scheme Creditor (plus the same information for those assureds, as for Asbestos Direct). ● Details of the calculation of the recoveries of gross losses for each known assured to each of the Scheme Creditor's Policies, allowing for the Scheme Company's share. ● In the case of "pure IBNR" if an element of the claim relates to new assureds, then evidence of continued emergence of newly reported assureds should be provided to justify the pure IBNR claimed. <p>3.2 Or, if other, simpler methods have been used, then:</p> <ul style="list-style-type: none"> ● Basis/rationale for selection of factors (e.g. IBNR to Outstanding Claims ratios or Paid Survival Ratios or Ultimate to Paid/Incurred claims ratios or Burn Factors). ● Underlying data on gross losses (paid, incurred, IBNR Claims, etc by year group) <p>3.3 In either case, relevant internal and/or external actuarial reports and Attorney reports should also be supplied.</p>

Claim Type	Summary of examples of supporting information
4. Pollution Treaty	4.1 As U.S. Asbestos Treaty (modified, so that direct information relates to that listed under Pollution Direct).
5. U.S. Health Hazard and Non-U.S. Asbestos, Pollution or Health Hazard claims	<p>5.1 As per U.S. Asbestos or Pollution Direct and/or Treaty, as appropriate, modified to reflect the particular details of the claim.</p> <p>5.2 For non-U.S. Asbestos or Pollution or Health Hazard claims, details of the territories of the underlying exposure.</p>
6. Aviation, Liability/Casualty, Medical Malpractice, Marine, Property and Other	<p>6.1 Quarterly or annual historical paid and incurred claims development by year for each class of business - Gross to the Scheme Creditor and to each of the Scheme Creditor's Policies on which IBNR is being claimed. Large claims should be shown separately.</p> <p>6.2 Full details of method and calculations used to derive IBNR claims to each policy, including choice of development factors, curve fitting, recoveries from layers etc.</p> <p>6.3 If the claim relates to a specific underlying cause/event/incident, then full details of that should be supplied, including any associated loss adjuster and or attorney reports/opinions.</p> <p>6.4 Relevant internal and/or external actuarial reports.</p> <p>6.5 For some direct policies, it is accepted that the only relevant information might be individual loss adjuster/Attorney reports for reported claims and/or claim emergence trends.</p>
7. Marine and Non Marine LMX	<p>7.1 Quarterly or annual historical paid and incurred claims development for each event - Gross to the Scheme Creditor and to each of the Scheme Creditor's Policies on which IBNR is being claimed.</p> <p>7.2 Full details of method and calculations used to derive IBNR for each policy and event, including choice of development factors, curve fitting, recoveries from layers etc.</p> <p>7.3 Relevant internal and/or external actuarial reports.</p> <p>7.4 For LMX general – i.e. not event specific, as per Aviation, Liability/Casualty etc. above.</p>

Attachment H Proposed Discount Factors as at Ascertainment Date

H.1 Introduction

This Attachment summarises the discount factors by claim type as at the Ascertainment Date, as referred to in Section 5. The "Discount Factor" shown in the final column of this table represents the percentage reduction that will be applied to the undiscounted Reserve (that is Outstanding Claims and IBNR), except where it is amended in accordance with Section 5 (in which case a different factor may be used).

Item No	Claim Type Category	Mean Term Selected	Interest Rate	Discount Factor
1	US Asbestos Direct - Non Products	9.00	4.38%	32%
2	US Asbestos Direct - Products	9.00	4.38%	32%
3	US Asbestos Direct - Other	9.00	4.38%	32%
4	US Asbestos Treaty - Non Products	11.50	4.42%	39%
5	US Asbestos Treaty - Products	11.50	4.42%	39%
6	US Asbestos Treaty - Other	11.50	4.42%	39%
7	Federal Employer's Liability Act	10.00	4.39%	35%
8	US Environmental Pollution - Direct	6.00	4.36%	23%
9	US Environmental Pollution - Treaty	8.50	4.38%	31%
10	US Health Hazard - Breast Implants	3.00	4.37%	12%
11	US Health Hazard - Welding Rods	3.00	4.37%	12%
12	US Health Hazard - Silica	3.00	4.37%	12%
13	US Health Hazard - All Other	3.00	4.37%	12%
14	Non US APH	14.00	4.48%	46%
15	Marine LMX - excluding APH	2.00	4.41%	8%
16	Non-Marine LMX - excluding APH	2.00	4.41%	8%
17	Aviation LMX - excluding APH	2.00	4.41%	8%
18	Medical Malpractice	5.00	4.35%	19%
19	Savings and Loans	5.00	4.35%	19%
20	Sexual Abuse Claims	5.00	4.35%	19%
21	Liability / Casualty – All Other	5.00	4.35%	19%
22	Property - All Other	2.00	4.41%	8%
23	Other Claim Types	8.50	4.38%	31%

APPENDIX C

Remuneration of Actuarial Adjudicator and Scheme Adjudicator

A Scheme Adjudicator's and the Actuarial Adjudicator's remuneration costs and expenses shall be determined in accordance with the details of this appendix.

In the event that he considers that a Scheme Creditor has acted in bad faith, vexatiously, wantonly or for oppressive reasons in respect of a matter subject to adjudication, a Scheme Adjudicator and the Actuarial Adjudicator shall be entitled to direct that some or all of the remuneration, costs and expenses be payable by the Scheme Creditor. In all other cases the Adjudication costs will be paid by the Scheme Companies. Settlement must be made within 28 days of the request for payment.

Actuarial Adjudicator remuneration:

Peter Matthews of EMB Consultancy LLP will be the first Actuarial Adjudicator in accordance with clause 6.1 of the Scheme.

The method of charging will be based on time spent at the following hourly rates:

Actuarial Adjudicator	£500
Actuarial Assistance	£375

Costs and expenses properly incurred will also be charged.

Scheme Adjudicator remuneration:

There is no named Scheme Adjudicator; however, there are provisions within the Scheme for a Scheme Adjudicator to be appointed if required (clause 6.3).

Where a Scheme Adjudicator is appointed, the remuneration, costs and expenses will be advised to the Scheme Companies and the Scheme Creditor on a case-by-case basis.

APPENDIX D

Specimen Claim Form

THE WFUM POOLS SCHEME

SCHEME CREDITOR NAME:

WFUM REG REF:

WFUM Pools Scheme Companies:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED

ALLIANZ CORNHILL INSURANCE PLC

OSLO REINSURANCE COMPANY (UK) LIMITED

**ALLIANZ GLOBAL CORPORATE & SPECIALTY
(FRANCE)**

SOVEREIGN INSURANCE (UK) LIMITED

ATLANTIC MUTUAL INSURANCE COMPANY

SPHERE DRAKE INSURANCE LIMITED

**CONTINENTAL REINSURANCE CORPORATION
INTERNATIONAL LIMITED**

THE OCEAN MARINE INSURANCE COMPANY LIMITED

GREYFRIARS INSURANCE COMPANY LIMITED

THE SEA INSURANCE COMPANY LIMITED

HEDDINGTON INSURANCE (U.K.) LIMITED

TOKIO MARINE EUROPE INSURANCE LIMITED

HIBERNIAN GENERAL INSURANCE LIMITED

WAUSAU INSURANCE COMPANY (U.K.) LIMITED

**mitsui sumitomo insurance company
(EUROPE), LIMITED**

To be used by Scheme Creditors including those Scheme Creditors of Sovereign Marine & General Insurance Company Limited, who are Protected Policyholders (as those terms are defined in the Scheme Document), in order to submit a claim to the WFUM Pools Scheme Companies.

PLEASE READ THE GENERAL INSTRUCTIONS AND NOTES PRIOR TO COMPLETING THE FORM.

FORM A: SIGNING FORM

To be signed by a duly authorised individual on behalf of the Scheme Creditor:

A signature on this form shall constitute the giving of a warranty that the signatory has been duly authorised by the relevant Scheme Creditor to sign the form on their behalf.

Print name:

Signed:

Date:

Position:

Currency of Settlement.

If you wish the total on your Valuation Statement to be converted to a single Scheme Currency, please tick the appropriate box below.

CAD

EUR

GBP

USD

If you would like the total to be in any other currency please indicate this preference in the box marked 'Other'.

Other: (please specify)

If you do not indicate a settlement currency the Valuation Statement will be prepared by the Scheme Manager in US Dollars.

Any amounts not in a Scheme Currency will be shown in GBP unless otherwise agreed.

FORM B: SUMMARY CLAIM FORM

Please complete this claim form based on the position as at the Ascertainment Date (31/12/2005) for the WFUM Pools (all Scheme Companies combined).
 Please complete a separate form for each original currency.
 The numbers in brackets correspond to the numbered instructions contained on the Claim Form Instruction Notes.

Scheme Creditor Name:		(1) Are you a Protected Policyholder of Sovereign?: Yes / No
Scheme Creditor Address:		Contact Name: Tel: Fax:
WFUM Reg Ref:		E-mail:

(2) Currency Code _____	UNPAID CLAIMS	OUTSTANDING CLAIMS	VALUE OF DISCOUNT FOR OUTSTANDING CLAIMS	IBNR CLAIMS	VALUE OF DISCOUNT FOR IBNR CLAIMS	TOTAL
Unpaid Agreed Claims per Scheme Manager's records	(3)					(4)
Additional Values	(5)	(6)	(7)	(8)	(9)	(10)
Total Submitted Claims	(11)	(12)	(13)	(14)	(15)	(16)

For Information Only:

Provisional Outwards Debt	(17)					(18)
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The summary totals shown above must represent the total of the values for the Scheme Companies as entered on the following Form C: Detailed Claim Form.
 Note: The Scheme Manager may hold data relating to business where the Scheme Companies are reinsured by you. This means that the amounts shown above may not be the settlement amount but could be subject to set-off, for example, of Reinsurance balances.

FORM C: DETAILED CLAIM FORM

Please complete this form by adding the relevant details for each item that makes up the overall value on the Summary Form (form B) for the appropriate currency.

SCHEME CREDITOR NAME:

WFUM REG REF:

(2) CURRENCY CODE: _____

(19) Ref.	(20) Your Insurance Contract Reference Number	(21) WFUM Pools Insurance Contract Reference Number	(22) Claim Type App. D2	(23) Policy Type App. D3	(24) Inception Date	(25) Ultimate Signed Line	(26) Date Of Loss	(27) Unpaid Agreed Claims per Scheme Manager's records	(28) Additional Unpaid Claims	(29) Outstanding Claims (undiscounted)	(30) Value of discount for Outstanding Claims	(31) IBNR Claims (undiscounted)	(32) Value of discount for IBNR Claims	(33) Total (27+28+29-30+31-32)
1														
2														
3														
4														
5														
6														
7														
8														
9														
10														

(19) Ref.	(20) Your Insurance Contract Reference Number	(21) WFUM Pools Insurance Contract Reference Number	(22) Claim Type App. D2	(23) Policy Type App. D3	(24) Inception Date	(25) Ultimate Signed Line	(26) Date Of Loss	(27) Unpaid Agreed Claims per Scheme Manager's records	(28) Additional Unpaid Claims	(29) Outstanding Claims (undiscounted)	(30) Value of discount for Outstanding Claims	(31) IBNR Claims (undiscounted)	(32) Value of discount for IBNR Claims	(33) Total (27+28+2 9-30+31- 32)
11														
12														
	TOTAL													<Sz8/>

SAMPLE

FORM D: CLAIM FORM VALUES SPLIT BY SCHEME COMPANY

SCHEME CREDITOR NAME:

WFUM REG REF:

Please complete this form by adding the value of the Additional Unpaid Claims, Outstanding Claims, IBNR Claims and discounts split across the relevant WFUM Pools Scheme Companies. Please complete a separate form for each currency. The numbers shown by the column headings correspond to the numbered instructions contained on the Claim Form Notes.

(2) Currency: _____

WFUM Pools Scheme Companies combined	(27) Unpaid Agreed Claims per Scheme Manager's records	(28) Additional Unpaid Claims	(29) Outstanding Claims	(30) Value of discount for Outstanding Claims	(31) IBNR Claims	(32) Value of discount for IBNR Claims	(33) Total (27+28+29- 30+31-32)
SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED							
ALLIANZ CORNHILL INSURANCE PLC							
ALLIANZ GLOBAL CORPORATE & SPECIALTY (FRANCE)							
ATLANTIC MUTUAL INSURANCE COMPANY							
CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED							
GREYFRIARS INSURANCE COMPANY LIMITED							
HEDDINGTON INSURANCE (U.K.) LIMITED							
HIBERNIAN GENERAL INSURANCE LIMITED							

MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED							
OSLO REINSURANCE COMPANY (UK) LIMITED							
SOVEREIGN INSURANCE (UK) LIMITED							
SPHERE DRAKE INSURANCE LIMITED							
THE OCEAN MARINE INSURANCE COMPANY LIMITED							
THE SEA INSURANCE COMPANY LIMITED							
TOKIO MARINE EUROPE INSURANCE LIMITED							
WAUSAU INSURANCE COMPANY (U.K.) LIMITED							
Overall Total							

WFUM POOLS SCHEME CLAIM FORM

NOTES FOR THE COMPLETION AND SUBMISSION OF CLAIM FORMS

Please note that capitalised words or phrases not defined in this form have the same meanings as their definitions in the Scheme Document. Unless otherwise stated, reference to Appendices are to those at the end of this Claim Form.

Submission of Claim Forms

The Claim Forms must be signed and returned to the Scheme Manager (PRO) on or before the Bar Date [] by post / fax / e-mail to:

Post: WFUM Pools c/o PRO Insurance Solutions Limited
Bruton Court
Bruton Way
Gloucester GL1 1DA
United Kingdom

Fax: +44 (0)1452 523 437

E mail: pro_wfumpools@pro-ltd.co.uk

Failure to submit your Claim Form in time for it to be received by Scheme Manager by the Bar Date will result in no claim being made in the Scheme and all Scheme Claims (other than Protected Scheme Claims) being permanently barred, aside from any Unpaid Agreed Claims included on the Claim Form by the Scheme Manager.

Where you have faxed or e-mailed your Claim Form, please also post the original to the Scheme Manager within 7 days of submission.

Please note, we believe it will generally be easier to complete the Claim Form on the Website (www.wfumpools.com) because calculations of discounts and allocations of claims across Scheme Companies will be done automatically. This manual form should only be used if you do not have access to or do not wish to use the Website. If you wish to use the Website please contact the WFUM Pools Scheme helpline, details shown above.

General Notes

WFUM Pools Scheme Pool level Claim Submission

Claims should be entered at the overall Pool level, representing the total of the WFUM Pools Scheme Companies.

Currency

Please enter your claims in the appropriate original currency. Please indicate on the forms the relevant currency code as listed in Appendix D1. Please ensure separate forms are used for each different currency.

WFUM POOLS SCHEME CLAIM FORM

NOTES FOR THE COMPLETION AND SUBMISSION OF CLAIM FORMS (cont.)

General Notes (cont.)

Presented and Additional Data

The pre-populated data presented on the Claim Form represents all policies identified as yours together with any Unpaid Agreed Claims shown on the Scheme Companies' records. You may add additional policies, Unpaid Claims (or reverse existing values where it is deemed that they have been settled already), Outstanding Claims, IBNR Claims and discounts (for time value) in relation to Scheme Claims. For Sovereign Marine & General Insurance Company Limited, Greyfriars Insurance Company Limited and Sovereign Insurance (UK) Limited this also includes other insurance business and non-insurance claims (for example trade creditors).

All values relating to Sovereign Marine & General Insurance Company Limited must be entered in full without allowance for any payments made under the Original Sovereign Scheme ('Scheme Payment'). Any adjustments made to your Scheme Claim in respect of payments made by Sovereign under the Original Sovereign Scheme or subsequently will be reflected on the Valuation Statement that will be sent to you as part of the Scheme process.

Claim Forms

There are four forms:

- Form A: Signing Form. Complete only one form for your claim.
- Form B: Summary Claim Form. All Scheme Companies Combined: the total submitted Scheme Claim. One form per currency.
- Form C: Detailed Claim Form. All Scheme Companies Combined: each claim must be supported by a breakdown at policy and Claim Type level. This Schedule must be completed in order for the Scheme Claim to be agreed. One form per currency.
- Form D: Claim Form Values Split by Scheme Company: The total Unpaid Agreed Claims, Additional Unpaid Claims, Outstanding Claims, IBNR Claims and discount values on Form B must be split across the relevant Scheme Companies. One form per currency.

Values

All values must be entered to the nearest whole number – no decimal places are required.

Where a value is due to you, this should be entered as a positive figure; any values due to the Scheme Companies should be entered as a negative figure.

Supporting Documentation

Where additional policies and values have been added to the Claim Forms then these additions must be substantiated with appropriate supporting documentation. This documentation should accompany the Claim Forms when sent to the Scheme Manager. In any event all documentation must be supplied to the Scheme Manager within 7 days after the Bar Date. **Failure to provide appropriate supporting documentation could result in your claim being rejected or valued at a lower amount.**

WFUM POOLS SCHEME CLAIM FORM

NOTES FOR THE COMPLETION AND SUBMISSION OF CLAIM FORMS (cont.)

General Notes (cont.)

Examples of appropriate documentation are as follows:

- Additional policies: a copy of the cover note / slip or other appropriate document, including details of the Scheme Company participation.
- Additional Unpaid Claims: a copy of the closing advices and any supporting documentation sent to your broker.
- Outstanding Claims: a copy of the loss advices and any supporting documentation sent to your broker.
- IBNR Claim estimates: details of the method and calculation used to estimate IBNR claims, including a copy of any relevant Actuarial or other expert reports where appropriate. It is recommended that you refer to the Estimation Methodology provided at Appendix B of the Scheme Document.
- Discounting Percentage: where you have used a different discounting percentage to that proposed by the Scheme Manager for either the Outstanding Claims or the IBNR Claims then justification for your percentage is required.

Other Notes

Particulars as to estimates of the amount of any Outstanding Claims or IBNR Claims provided by a Scheme Creditor may not be protected by privilege under English law (or other relevant laws) and may be discoverable by a third party with a claim against the Scheme Creditor in any action or proceeding to which the Scheme Creditor may be a party. You should consult your legal adviser as to the consequences for you of providing such particulars in relation to any litigation in which you are or may become involved.

For any one policy, claims relating to the same Claim Type may be added together and shown as one data row on the Detailed Claim Form (Form C). If a claim value is composed of more than one Claim Type then each Claim Type must be shown separately on this form.

If you have a query regarding any non-insurance claims please contact the Scheme Manager.

WFUM POOLS SCHEME CLAIM FORM

NOTES FOR THE COMPLETION AND SUBMISSION OF CLAIM FORMS

FORM A: SIGNING FORM

Form A represents the signing form.

It lists the WFUM Pools Scheme Companies.

Please sign and date the form when you have completed the Claim Forms.

This should be signed by an appropriately authorised person from within your organisation. In so doing you warrant that you have the appropriate authority.

SAMPLE

WFUM POOLS SCHEME CLAIM FORM

NOTES FOR THE COMPLETION AND SUBMISSION OF CLAIM FORMS (cont.)

The numbers below refer to the numbered fields in the Claims Forms.

FORM B: SUMMARY CLAIM FORM

You will need to complete one Summary Claim Form for each currency in which you are making a claim. Ensure you add your data to the correct currency form.

If you have a query regarding any non-insurance claims please contact the Scheme Manager.

The form(s) will include pre-populated data based on the Scheme Manager's records, being policy details and any Unpaid Agreed Claims on the relevant currency form.

- (1) Are you a Sovereign Protected Policyholder?**
Please delete either "Yes" or "No" as appropriate.
If you believe that part or all of your submitted claim value is in respect of a Protected Scheme Claim in respect of Sovereign Marine & General Insurance Company Limited, (i.e. you are a Protected Policyholder), please delete "No". Otherwise delete "Yes". Please refer to Schedule VII of the Explanatory Statement for further details relating to Protected Policyholders.
- (2) Currency Code**
You must complete one Summary Claim Form for each relevant original currency. Claims may be submitted in any of the following Scheme Currencies: USD, GBP, CAD and EUR. Alternatively you may submit your Scheme Claim in an original currency appropriate to that claim.
- (3) Unpaid Agreed Claims per Scheme Manager's records**
The value of a Scheme Claim which according to the Scheme Manager's records has been agreed as due to the relevant Scheme Creditor as at the Ascertainment Date, but not paid or discharged by the operation of set-off or otherwise, and in the case of Sovereign before taking account of any Scheme Payments.

This field will already be populated. If you consider the value shown does not reflect your records, please refer to field (5).
- (4) Total: Unpaid Agreed Claims per Scheme Manager's records**
The total of the Unpaid Agreed Claims per the Scheme Manager's records, as per field (3).
- (5) Additional Unpaid Claims: Additional Values**
If field (3) does not reflect your records, enter the value, as at the Ascertainment Date, as per your records, of Scheme Claims that you assert are due for payment to you by the Scheme Companies which are not included in the Unpaid Agreed Claims field. The value you enter must represent the difference between your records and that presented in field (3).
- (6) Outstanding Claims: Additional Values**
Enter the estimated total value, as at the Ascertainment Date, as per your records, of Scheme Claims in respect of losses notified to you for which you assert that an amount will become due for payment to you by the Scheme Companies, excluding any amounts already included in (3) and/or (5) above. These values must be before discounting.

WFUM POOLS SCHEME CLAIM FORM

NOTES FOR THE COMPLETION AND SUBMISSION OF CLAIM FORMS (cont.)

FORM B: SUMMARY CLAIM FORM (cont.)

- (7) **Value of Discount for Outstanding Claims: Additional Values**
Enter the discount amount to reflect the time value of money to be applied to the Outstanding Claims, all of which are shown undiscounted in field (6). Please refer to Appendix D2 for the 'Claim Type' and the associated Scheme discount percentage and apply the relevant discount percentage to each Claim Type making up the overall undiscounted value. Alternatively you may apply your own discount percentage (in which case you are requested to provide documentation supporting your discount percentage). If no discount percentage is entered, discount percentages will be applied by the Scheme Manager based upon Appendix D2.
- (8) **IBNR Claims: Additional Values**
Enter the estimated total value, as at the Ascertainment Date, as per your records, of Scheme Claims in respect of losses which have been incurred by you but not notified to you, for which you assert that an amount will become due for payment to you by the Scheme Companies, excluding any amounts already included in (3) and/or (5) and/or (6) above. These values must be before discounting.
- (9) **Value of Discount for IBNR Claims: Additional Values**
Enter the discount amount to reflect the time value of money to be applied to the IBNR Claims, all of which are shown undiscounted in field (8). Please refer to Appendix D2 for the Scheme discount percentage for each Claim Type and apply the relevant discount percentage to each Claim Type making up the overall undiscounted value. Alternatively you may apply your own discount percentage (in which case you are requested to provide documentation supporting your discount percentage). If no discount percentage is entered, discount percentages will be applied by the Scheme Manager based upon Appendix D2.
- (10) **Total: Additional Values**
The total values added by yourselves for Additional Unpaid Claims, Outstanding Claims, IBNR Claims less all discounts.
- (11) **Total Submitted Claims: Unpaid Claims**
The sum total of values per the Scheme Manager's records plus any additional values entered by you.
- (12) **Total Submitted Claims: Outstanding Claims**
The sum total of values entered by you.
- (13) **Total Submitted Claims: Value of Discount for Outstanding Claims**
The sum total of values entered by you.
- (14) **Total Submitted Claims: IBNR Claims**
The sum total of values entered by you.
- (15) **Total Submitted Claims: Value of Discount for IBNR Claims**
The sum total of values entered by you.

WFUM POOLS SCHEME CLAIM FORM

NOTES FOR THE COMPLETION AND SUBMISSION OF CLAIM FORMS (cont.)

FORM B: SUMMARY CLAIM FORM (cont.)

- (16) **Total**
The total Submitted Claim (Unpaid Claims plus Outstanding Claims plus IBNR Claims less all discounts).
- (17) **Provisional Outwards Debt**
The provisional unpaid claims due to the Scheme Companies for business ceded by the Scheme Companies to you. This is provided for information purposes only and will already be populated.
- (18) **Total: Provisional Outwards Debt**
As per note (17). This is provided for information purposes only and will already be populated.

For the avoidance of doubt all values relating to business ceded by the Scheme Companies to you will be valued and included on the Valuation Statement.

WFUM POOLS SCHEME CLAIM FORM

NOTES FOR THE COMPLETION AND SUBMISSION OF CLAIM FORMS (cont.)

FORM C: DETAILED CLAIM FORM

You will need to complete one Detailed Claim Form for each currency in which you are making a claim. You have been provided with up to four forms populated with policies and Unpaid Agreed Claims – one for each of the four Scheme Currencies – where the Scheme Companies' records indicate an involvement. You may also have been provided with a form with no currency specified, listing all policies where no Unpaid Agreed Claims are present. There is also one blank form with no currency identified for you to copy if required. Ensure you add your data to the correct currency form.

Where additional policies and values have been added to this form then these additions must be substantiated with appropriate supporting documentation. This documentation should accompany the Claim Forms when sent to the Scheme Manager. In any event all documentation must be supplied to the Scheme Manager within 7 days after the Bar Date. **Failure to provide appropriate supporting documentation could result in your claim being rejected or valued at a lower amount.**

The sum of this form must reflect the totals on Form B.

- (19) **Ref:**
This is a sequential reference number, one for each row of data. The form has pre-numbered reference numbers with the exception of the last page which has no numbers. This last page can be used for photocopying where additional rows of data are required to be submitted. The sequential reference number must be added.
- (20) **Your Insurance Contract reference number:**
Specify your reference number on the Insurance Contract under which the claim(s) arise(s).
- (21) **WFUM Pools Insurance Contract reference number:**
Specify the Scheme Companies' reference number on the Insurance Contract under which the claim(s) arise(s) if known.
- (22) **Claim Type:**
Specify the Claim Type from the table attached as Appendix D2. The breakdown of claims by Claim Type will determine the calculation of any discount.
- (23) **Policy Type:**
Specify the type of business covered by the Insurance Contract from the table attached as Appendix D3.
- (24) **Inception date:**
Specify the date (dd/mmm/yy) when each Insurance Contract commenced, for example 01/Jan/80. Insurance Contracts of more than 12 months plus odd time (for example, an extension by endorsement of 3 months) should be treated as one contract. For continuous contracts, each annual renewal should be shown as a separate Insurance Contract.

WFUM POOLS SCHEME CLAIM FORM

NOTES FOR THE COMPLETION AND SUBMISSION OF CLAIM FORMS (cont.)

FORM C: DETAILED CLAIM FORM (cont.)

- (25) **Ultimate Signed Line:**
Specify the Scheme Companies total participation percentage on each Insurance Contract. Should there be more than one stamp covering the Scheme Companies on the Insurance Contract, show the total percentage for all Scheme Company stamps on the Claim Form. Use up to 6 decimal places.
- (26) **Date of loss:**
Specify the date of loss for the claim. The date format should be dd/mmm/yy, for example 01/Jan/80.
- (27) **Unpaid Agreed Claims per Scheme Manager's records:**
The value of a Scheme Claim which according to the Scheme Manager's records has been agreed as due to the relevant Scheme Creditor as at the Ascertainment Date, but not paid or discharged by the operation of set-off or otherwise, and in the case of Sovereign before taking account of any Scheme Payments.
This field will already be populated. If you consider the value shown does not reflect your records, please refer to field (28).
The sum of this column will be reflected on Form B field (3) for the respective currency.
- (28) **Additional Unpaid Claims:**
If field (27) does not reflect your records, enter the value, as at the Ascertainment Date, as per your records, of Scheme Claims that you assert are due for payment to you by the Scheme Companies which are not included in the Unpaid Agreed Claims field.
Specify the amount for each claim or, where there is more than one claim, the aggregate amount of any claims you have, at individual Claim Type level arising under each Insurance Contract.
The value you enter must represent the difference between your records and that presented in field (27).
The sum of this column must be reflected on Form B, field (5) for the respective currency.
- (29) **Outstanding Claims:**
Enter the estimated total value, as at the Ascertainment Date, as per your records, of Scheme Claims in respect of losses notified to you for which you assert that an amount will become due for payment to you by the Scheme Companies, excluding any amounts already included in (27) and/or (28) above. These values must be before discounting.
Specify the estimated amount of each outstanding claim or, where there is more than one claim, the aggregate estimated amount of any such outstanding claims, at an individual Claim Type level arising under each Insurance Contract.
The sum of this column must be reflected on Form B, field (6) for the respective currency.

WFUM POOLS SCHEME CLAIM FORM

NOTES FOR THE COMPLETION AND SUBMISSION OF CLAIM FORMS (cont.)

FORM C: DETAILED CLAIM FORM (cont.)

- (30) Value of Discount for Outstanding Claims:**
Enter the discount amount to reflect the time value of money to be applied to the Outstanding Claims, all of which are shown undiscounted in field (29). Please refer to Appendix D2 for the Claim Type and the associated Scheme discount percentage and apply the relevant discount percentage to each Claim Type making up the overall undiscounted value. Alternatively you may apply your own discount percentage (in which case you are requested to provide documentation supporting your discount percentage). If no discount percentage is entered, discount percentages will be applied by the Scheme Manager based upon Appendix D2.
The sum of this column must be reflected on Form B, field (7) for the respective currency.
- (31) IBNR Claims:**
Enter the estimated total value, as at the Ascertainment Date, as per your records, of Scheme Claims in respect of losses which have been incurred by you but not notified to you, for which you assert that an amount will become due for payment to you by the Scheme Companies, excluding any amounts already included in (27) and/or (28) and/or (29) above. These values must be before discounting.
Specify the estimated amount of each IBNR Claim or, where there is more than one claim the aggregate estimated amount of any such IBNR Claims, at an individual Claim Type level arising under each Insurance Contract.
The sum of this column must be reflected on Form B, field (8) for the respective currency.
- (32) Value of Discount for IBNR Claims:**
Enter the discount amount to reflect the time value of money to be applied to the IBNR Claims, all of which are shown undiscounted in field (31). Please refer to Appendix D2 for the Scheme discount percentage for each Claim Type and apply the relevant discount percentage to each Claim Type making up the overall undiscounted value. Alternatively you may apply your own discount percentage (in which case you are requested to provide documentation supporting your discount percentage). If no discount percentage is entered, discount percentages will be applied by the Scheme Manager based upon Appendix D2.
The sum of this column must be reflected on Form B, field (9) for the respective currency.
- (33) Total:**
The total Submitted Claim (Unpaid Claims plus Outstanding Claims plus IBNR Claims less all discounts) for the specified transaction(s).
The sum of this column must be reflected on Form B, field (16) for the respective currency.

WFUM POOLS SCHEME CLAIM FORM

NOTES FOR THE COMPLETION AND SUBMISSION OF CLAIM FORMS (cont.)

FORM D: CLAIM FORM VALUES SPLIT BY SCHEME COMPANY

Please complete this form by adding the value of the Additional Unpaid Claims, Outstanding Claims, IBNR Claims and discounts split across the relevant WFUM Pools Scheme Companies.

Please complete a separate form for each currency.

The numbers shown by the column headings correspond to the numbered instructions contained on the Claim Form Notes for Form C.

The sum of this form must reflect the totals on Form B.

SAMPLE

WFUM POOLS SCHEME CLAIM FORM

APPENDICES

Appendix D1: Currency codes

Refer to Note 2, Form B, C and D.

CAD	CANADIAN DOLLAR
EUR	EURO CCY UNIT
GBP	UK POUND STERLING
USD	US DOLLAR
AED	UAE DIRHAM
AFA	AFGHANI
ALL	ALBANIAN LEK
ANG	ANTIL GUILDER
AOK	ANGOLAN KWANZA
ARP	ARGENTINE PESO
ATS	AUST SCHILLING
AUD	AUS DOLLAR
BBD	BARBADOS DOLLAR
BDT	BANGLADESH TAKA
BEF	BELGIAN FRANC
BGL	BULGARIAN LEV
BHD	BAHRAIN DINAR
BIF	BURUNDI FRANC
BMD	BERMUDAN DOLLAR
BND	BRUNEI DOLLAR
BOP	BOLIVIAN PESO
BRC	BRAZIL CRUZEIRO
BSD	BAHAMAN DOLLAR

WFUM POOLS SCHEME CLAIM FORM

BTN	NGULTRUM
BUK	BURMESE KYAT
BWP	BOTSWANA PULA
BZD	BELIZE DOLLAR
CHF	SWISS FRANC
CLP	CHILEAN PESO
CNY	CHINA RENM YUAN
COP	COLUMBIAN PESO
CRC	COSTA RIC COLON
CSD	SERBIAN DINAR
CSK	CZECH KORUNA
CUP	CUBAN PESO
CVE	CAP VER ESCUDO
CYP	CYPRUS POUND
DEM	DEUTSCHMARK
DJF	DJIBOUTI FRANC
DKK	DANISH KRONE
DOP	DOMINICAN PESO
DZD	ALGERIAN DINAR
ECS	ECUADOR SUCRE
EGP	EGYPTIAN POUND
ESP	PESETA
ETB	ETHIOPIAN BIRR
FIM	FINNISH MARKKA
FJD	FIJI DOLLAR
FKP	FALKLAND POUND
FRF	FRENCH FRANC

WFUM POOLS SCHEME CLAIM FORM

GHC	GHANAIAN CEDI
GIP	GIBRALTAR POUND
GMD	GAMBIAN DALASI
GNS	GUINEA SYLI
GQE	EQ GUIN EKWELE
GRD	GREEK DRACHMA
GTQ	GUAT QUETZAL
GWP	GUIN-BISS PESO
GYD	GUYANA DOLLAR
HKD	HK DOLLAR
HNL	HONDU LEMPIRA
HRD	CROATIAN DINAR
HTG	HAITI GOURDE
HUF	HUNGARY FORINT
IDR	INDON RUPIAH
IEP	IRISH PUNT
ILS	ISRAEL SHEKEL
INR	INDIAN RUPEE
IQD	IRAQI DINAR
IRR	IRANIAN RIAL
ISK	ICELAND KRONA
ITL	ITALIAN LIRA
JMD	JAMAICAN DOLLAR
JOD	JORDANIAN DINAR
JPY	JAPANESE YEN
KES	KENYA SHILLING
KHR	KAMPUCHEA RIEL

WFUM POOLS SCHEME CLAIM FORM

KMF	COMOROS FRANC
KPW	NTH KOREAN WON
KRW	S KOREAN WON
KWD	KUWAITI DINAR
KYD	CAYMAN DOLLAR
LAK	LAOS KIP
LBP	LEBANESE POUND
LKR	SRI LANKA RUPEE
LRD	LIBERIAN DOLLAR
LSM	LESOTHO MALOTI
LUF	LUXEMB FRANC
LYD	LIBYAN DINAR
MAD	MOROCCAN DIRHAM
MGA	MALAGASY ARIARY
MLF	MALI FRANC
MNT	MONGOL TUGRIK
MOP	MACAU PATACA
MRO	MAURIT OUGUIYA
MTP	MALTA POUND
MUR	MAURITIUS RUPEE
MVR	MALDIVE RUPEE
MWK	MALAWI KWACHA
MXP	MEXICAN PESO
MYR	MALAY RINGGIT
MZM	MOZAMB METICAL
NAD	NAMIBIAN DOLLAR
NGN	NIGERIAN NAIRA

WFUM POOLS SCHEME CLAIM FORM

NIC	NICARAG CORDOBA
NLG	NETHER GUILDER
NOK	NORWEGIAN KRONE
NPR	NEPALESE RUPEE
NZD	NZ DOLLAR
OMR	OMANI RIAL
PAB	PANAMA BALBOA
PES	PERUVIAN SOL
PGK	PAPUA NG KINA
PHP	PHILIPPINE PESO
PKR	PAKISTAN RUPEE
PLZ	POLISH ZLOTY
PTE	PORTUGAL ESCUDO
PYG	PARAG GUARANI
QAR	QATAR RIAL
ROL	ROMANIAN LEU
RON	NEW ROMANIAN LEU 1/7/05
RWF	RWANDA FRANC
SAR	SAUDI RIYAL
SBD	SOLOMON DOLLAR
SCR	SEYCHELLE RUPEE
SDP	SUDANESE POUND
SEK	SWEDISH KRONA
SGD	SING DOLLAR
SHP	ST HELENA POUND
SLL	SIERRA L LEONE
SOS	SOMALI SHILLING

WFUM POOLS SCHEME CLAIM FORM

SRD	SURINAM DOLLAR
STD	SAO TOME DOBRA
SUR	C.I.S. ROUBLE
SVC	EL SALV COLON
SYP	SYRIAN POUND
SZL	SWAZI LILANGENI
THB	THAI BAHT
TND	TUNISIAN DINAR
TOP	TONGAN PA'ANGA
TPE	E TIMOR ESCUDO
TRL	OLD TURKISH LIRA
TRY	NEW TURKISH LIRA
TTD	TRINIDAD DOLLAR
TWD	TAIWAN DOLLAR
TZS	TANZ SHILLING
UGS	UGANDA SHILLING
USD	US DOLLAR
UYP	URUGUAYAN PESO
VEB	VENEZ BOLIVAR
VND	S VIETNAM DONG
VUV	VANUATU VATU
WST	W SAMOA TALA
XAF	CFA FRANC
XCD	E CARIB DOLLAR
XPF	CFP FRANC
YER	YEMENI RIYAL
ZAR	S AFRICA RAND

WFUM POOLS SCHEME CLAIM FORM

ZMK

ZAMBIAN KWACHA

ZRZ

ZAIRE/CONGO FRANC

ZWD

ZIMBABWE DOLLAR

SAMPLE

WFUM POOLS SCHEME CLAIM FORM

Appendix D2: Claim Type codes and discount percentages

Refer to Note 7 and 9 on Form B; 22, 30 and 32 on Form C and D.

Item number	Code	Description	% discount as at Ascertainment Date 31/12/05
1	ADN	US Asbestos Direct - Non Products	32
2	ADP	US Asbestos Direct - Products	32
3	ADO	US Asbestos Direct - Other	32
4	ATN	US Asbestos Treaty - Non Products	39
5	ATP	US Asbestos Treaty - Products	39
6	ATO	US Asbestos Treaty - Other	39
7	FEL	Federal Employer's Liability Act	35
8	UEP	US Environmental Pollution - Direct	23
9	UET	US Environmental Pollution - Treaty	31
10	UHI	US Health Hazard - Breast Implants	12
11	USW	US Health Hazard - Welding Rods	12
12	UHS	US Health Hazard - Silica	12
13	UHO	US Health Hazard - All Other	12
14	NUA	Non US APH	46
15	MEX	Marine LMX excluding APH	8
16	NEX	Non-Marine LMX excluding APH	8
17	AAO	Aviation LMX excluding APH	8
18	MMA	Medical Malpractice	19
19	SAL	Savings and Loans	19
20	SAB	Sexual Abuse Claims	19
21	LIA	Liability / Casualty - All Other	19
22	PTY	Property - All Other	8
23	OTH	Other Claim Types	31

WFUM POOLS SCHEME CLAIM FORM

Appendix D3: Policy Type codes

Refer to Note 23 on Form C.

Policy Type Code	Policy Type Description
AVC	Aviation Hull/Liabilities (Combined)
AVH	Aviation Hull
AVL	Aviation Liabilities
AVR	Aviation All Risks
AVX	Aviation Excess of Loss
MAC	Marine Cargo
MAH	Marine Hull/Liability
MAR	Marine All Risks
MAX	Marine Excess of Loss
NMC	Non Marine Casualty/Liability/Long Tail
NMP	Non Marine Property
NMR	Non Marine All Risks
NMX	Non Marine Excess of Loss

SAMPLE

APPENDIX E

Specimen Valuation Statement

WFUM POOLS VALUATION STATEMENT

Notes for the Valuation Statement in relation to the WFUM Pools Scheme of Arrangement (the "Scheme")

SCHEME CREDITOR: *pre-populated name*

WFUM REG REF: *pre-populated*

Date Issued: *dd/mmm/yyyy*

Capitalised terms not defined in this letter have the meaning defined in the Scheme.

Please find enclosed the Valuation Statements and accompanying notes prepared in respect of your Scheme Claims pursuant to clause 2.7.1 of the Scheme. There is a separate Valuation Statement per Scheme Currency (or other currency agreed with you) for each Scheme Company.

If the Scheme Manager does not receive notice from you disputing a Valuation Statement within 56 days of the date shown on it, data on it will, so far as the law permits, become final and binding on you and the relevant Scheme Company.

If you sign this Valuation Statement where indicated, confirming your irrevocable agreement to it, and return it to the Scheme Manager earlier than the 56 days referred to above, you may receive payment, from the Scheme Companies other than Sovereign, in respect of it earlier than would otherwise be the case.

Other than for Sovereign, payments will be made within 42 days of a duly signed Combined Valuation Statement or individual Valuation Statement being received by the Scheme Manager, or an individual Valuation Statement becoming final and binding in accordance with the Scheme, as applicable.

Payments will be made separately by Sovereign within 105 days of the Valuation Statement becoming final and binding in accordance with the terms of the Scheme. These payments will be at the prevailing Payment Percentage of the Net Ascertained Claim less any deductions in accordance with clause 11.3 of the Scheme, as explained within the Scheme Valuation Statement.

You may elect to receive a single payment (in each applicable currency) in respect of the Valuation Statements issued on behalf of all Scheme Companies other than Sovereign. A statement aggregating your Valuation Statements issued in respect of the Scheme Companies other than Sovereign ("a Combined Valuation Statement") in each applicable currency is enclosed. Please note that the aggregation of amounts in respect of different Scheme Companies on a Combined Valuation Statement may result in the setting off of amounts owing from you to Scheme Companies against amounts owing to you by other Scheme Companies.

If you wish to receive a single payment as described above, please sign the attached Combined Valuation Statement where indicated and return to the Scheme Manager. In relation to all Scheme Companies other than Sovereign, signature of the Combined Valuation Statement will constitute your irrevocable agreement to:

- the Combined Valuation Statement and the contents of each of the Valuation Statements to which it relates being final and binding;
- the application of clause 2.8.1.4 of the Scheme to any net amount shown as due to you on the Combined Valuation Statement; and
- all Scheme Claims being deemed to have been fully and finally discharged, if there is a sum shown in favour of the Scheme Companies on the Combined Valuation Statement.

If you dispute an individual Valuation Statement on grounds of Manifest Error or otherwise as permitted by the Scheme (see clauses 2.7.4 and 2.7.5 of the Scheme) please return the form indicating the areas of dispute and provide any available evidence and/or explanation of the dispute to the Scheme Manager. If you would like to adopt a Combined Valuation Statement, but believe that the one enclosed is incorrect, please notify the Scheme Manager.

Please send any signed individual Valuation Statements, Combined Valuation Statements or any notice disputing a Valuation Statement to the Scheme Manager via post / fax / e-mail:

- Post: WFUM Pools c/o PRO Insurance Solutions Limited
Bruton Court
Bruton Way
Gloucester GL1 1DA
United Kingdom

Fax: +44 (0)1452 523 437

E-mail: pro_wfumpools@pro-ltd.co.uk

Please note that if the Scheme Manager does not receive legible notice of a dispute within 56 days of the date of a Valuation Statement, that Valuation Statement will become final and binding.

If you require assistance please refer to the accompanying notes, including the notes to the Valuation Statements at the back of this document, or telephone the WFUM Pools helpline: +44 (0)1452 523 426.

Where the form has been sent by fax or e-mail, please ensure that an appropriate signature has been scanned on to the form. Forms returned by fax or e-mail will not be acted upon unless legible. Please also post the original form within 7 days of sending such fax or e-mail copy to the Scheme Manager at the above address.

Valuation Statement in relation to the WFUM Pools Scheme of Arrangement

WFUM Pools: **SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED**

SCHEME CREDITOR: *pre-populated name*

WFUM REG REF: *pre-populated*

Date Issued: *dd/mmm/yyyy*

Currency: *pre-populated*

Note: positive values are in your favour; negative values (in brackets) are in favour of the Scheme Company.

Calculation of Net Ascertained Claim or Net Debt

- 1) Total undiscounted agreed claims
- 2) Total present value discount
- 3) Total Agreed Claims (1 + 2 above)
- 4) Total Scheme Debts
- 5) Set-off
- 6) Security
- 7) Adjustment to unwind the discount on Outstanding Claims, IBNR Claims and other amounts from the Ascertainment Date
- 10) Tax adjustments
- 11) Other adjustments
- 12) **Scheme Creditor's Net Ascertained Claim or Net Debt**
(3 + 4 + 5 + 6 + 7 + 10 + 11 above)

The net payment due to Scheme Creditors of Sovereign will be calculated by applying the prevailing Payment Percentage to their Net Ascertained Claims shown in the Sovereign Valuation Statement and then deducting the following:

- the aggregate of payments already made or deemed to have been made pursuant to the Scheme and Scheme Payments in accordance with clause 11.3.1.2 of the Scheme;
- the advance payments deemed received by the Scheme Creditor pursuant to clauses 4.1.4, 4.1.5 and clause 10.5.2 of the Scheme, in accordance with clause 11.3.1.3 of the Scheme; and
- the amounts payable by the Scheme Creditor pursuant to clause 6.5 of the Scheme which have not been paid, in accordance with clause 11.3.1.4 of the Scheme,

provided the sum of amounts referred to in 11.3.1.2 to 11.3.1.4, inclusive, of the Scheme does not exceed the Payment Percentage of the Scheme Creditors' Net Ascertained Claim as described in clause 11.3.1.1 of the Scheme.

The Payment Percentage is set by the Scheme Administrators in accordance with clause 11.2. The Payment Percentage prevailing at the date of this valuation statement is [40%]. This will be reviewed when substantially all Scheme Claims become final and binding in accordance with the terms of the Scheme. In consultation with the Creditors' Committee, the Scheme Administrators have the power to increase or reduce the Payment Percentage under the terms of the Scheme. Top-up payments will be made to all eligible Scheme Creditors of Sovereign within 105 days of a decision being taken to increase the Payment Percentage.

Signed by the Scheme Manager:

Date:

.....

.....

PRO Insurance Solutions Limited

Signed by the Scheme Creditor* to signify
irrevocable agreement to the contents:

Date:

.....

.....

* This should be signed by an appropriately authorised person from within your organisation. In doing so you warrant that you have the appropriate authority.

Payment of the net payment shown as due in the Payment Percentage Summary will be made within 105 days of the Valuation Statement becoming final and binding.

If no notice disputing the Valuation Statement is received by the Scheme Manager within 56 days of the date of the Valuation Statement, it will be deemed to be accepted by you and will become final and binding on both you and the Scheme Company in accordance with the Scheme. Notice of dispute may only be raised on grounds of Manifest Error or otherwise as permitted by the Scheme (see clauses 2.7.4 and 2.7.5 of the Scheme).

The Payment Percentage may be increased in the future. In that event you will be sent a statement setting out any further amount (or amounts) payable to you.

Combined Valuation Statement in relation to the WFUM Pools Scheme of Arrangement

WFUM Pools: **SOLVENT SCHEME COMPANIES COMBINED**
SCHEME CREDITOR: *pre-populated name*
WFUM REG REF: *pre-populated*
Date Issued: *dd/mmm/yyyy*
Currency: *pre-populated*

Note: positive values are in your favour; negative values (in brackets) are in favour of the Scheme Company.

Aggregation of Net Ascertained Claims and Net Debts

- 1) Total undiscounted agreed claims
- 2) Total present value discount
- 3) Total Agreed Claims (1 + 2 above)
- 4) Total Scheme Debts
- 5) Set-off
- 6) Security
- 7) Adjustment to unwind the discount on Outstanding Claims, IBNR Claims and other amounts from the Ascertainment Date
- 8) Adjudicator's fees and costs
- 9) Advance payments
- 10) Tax adjustments
- 11) Other adjustments
- 13) Scheme Creditor's Net Ascertained Claim or Net Debt**
(3 + 4 + 5 + 6 + 7 + 10 + 11 above)

Signed by the Scheme Manager:

Date:

.....
PRO Insurance Solutions Limited

You should sign this form and return it to the Scheme Manager only if you agree to a single payment being made to you for all of the Scheme Companies except Sovereign, in the amount of the aggregate Net Ascertained Claim shown above in full and final settlement of the amounts payable pursuant to the Scheme in respect of the Valuation Statements aggregated on this Combined Valuation Statement, other than in relation to Sovereign. Please note that the aggregation of amounts in respect of different

Scheme Companies on a Combined Valuation Statements may result in the setting off of amounts owing from you to Scheme Companies against amounts owing to you by other Scheme Companies. Sovereign's Valuation Statement is not included in the Combined Valuation Statement. Any payment by Sovereign will be made separately as detailed in the covering notes to this document. If you would prefer to receive payment from each solvent Scheme Company individually, do not sign this form below.

Signed by the Scheme Creditor* to signify

irrevocable agreement to the contents:

Date:

.....
* This should be signed by an appropriately authorised person from within your organisation. In doing so you warrant that you have the appropriate authority.

Payment of the aggregate Net Ascertained Claim will be made within 42 days of receipt by the Scheme Manager of a duly signed Combined Valuation Statement.

Valuation Statement in relation to the WFUM Pools Scheme of Arrangement

WFUM Pools: *INDIVIDUAL SOLVENT SCHEME COMPANY pre-populated*

SCHEME CREDITOR: *pre-populated name*

WFUM REG REF: *pre-populated*

Date Issued: *dd/mmm/yyyy*

Currency: *pre-populated*

Note: positive values are in your favour; negative values (in brackets) are in favour of the Scheme Company.

Individual Valuation Statement

- 1) Total undiscounted agreed claims
- 2) Total agreed present value discount
- 3) Total Agreed Claims (1 + 2 above)
- 4) Total Scheme Debts
- 5) Set-off
- 6) Security
- 7) Adjustment to unwind the discount on Outstanding Claims, IBNR Claims and other amounts from the Ascertainment Date
- 8) Adjudicators' fees and costs
- 9) Advance payments
- 10) Tax adjustments
- 11) Other adjustments
- 12) Scheme Creditor's Net Ascertained Claim or Net Debt.**
(3 + 4 + 5 + 6 + 7 + 8 + 9 + 10 + 11 above)

Signed by the Scheme Manager:

Date:

.....

.....

PRO Insurance Solutions Limited

Please do not sign and return this Valuation Statement if you would prefer to receive a single payment from the Scheme Companies combined (other than Sovereign), in which case, please sign the Combined Valuation Statement. Please note that amounts due from Sovereign (if any) will not be paid as part of any payment under a Combined Valuation Statement.

Payment of the Net Ascertained Claim (if any) shown on this Valuation Statement will be made within the earlier of: (1) 42 days of the receipt by the Scheme Manager of this Valuation Statement or, where applicable, the Combined Valuation Statement, duly signed by the Scheme Creditor to signify his agreement to its contents, and (2) the date on which this Valuation Statement becomes final and binding.

Signed by the Scheme Creditor* to signify
irrevocable agreement to the contents:

Date:

.....
* This should be signed by an appropriately authorised person from within your organisation. In doing so you warrant that you have the appropriate authority.

If no notice disputing the Valuation Statement is received by the Scheme Manager within 56 days of the date of the Valuation Statement, it will be deemed to be accepted by you and will become final and binding on both you and the Scheme Company in accordance with the Scheme. Notice of dispute may only be raised on grounds of Manifest Error or otherwise as permitted by the Scheme (see clauses 2.7.4 and 2.7.5 of the Scheme).

Valuation Statement Guidance Notes

Note no	Comment
1)	<p><u>Total undiscounted agreed claims</u></p> <p>Total agreed claims before the application of present value discount</p>
2)	<p><u>Total present value discount</u></p> <p>The discount value applied to the values of Outstanding Claims and IBNR Claims as determined in accordance with the Scheme.</p>
3)	<p><u>Total Agreed Claims</u></p> <p>The total of the Scheme Creditor's Agreed Claims.</p> <p>(Clause 2.7.1.4 of the Scheme)</p>
4)	<p><u>Total Scheme Debts</u></p> <p>The value of the Scheme Creditor's Scheme Debts (if any).</p> <p>(Clause 2.7.1.5 of the Scheme subject, in the case of Sovereign, to clause 10.1)</p>
5)	<p><u>Set-off</u></p> <p>The amount of adjustments reflecting payments by or to the Scheme Company (other than Sovereign) or transactions effecting netting off or set-off in respect of a Scheme Creditor's Agreed Claims and/or Scheme Debts prior to the date of the Valuation Statement.</p> <p>(Clause 2.7.1.6 of the Scheme)</p>
6	<p><u>Security</u></p> <p>The amount of any Scheme Claims which have been satisfied by the application of Security or Security Interests since the Ascertainment Date and the amount of any Security or Security Interests, excluding any regulatory trust fund, to be deducted from the total of such Scheme Creditor's Agreed Claims.</p> <p>(Clause 2.7.1.7 of the Scheme)</p>
7)	<p><u>Adjustment to unwind the discount on Outstanding Claims, IBNR Claims and other amounts from the Ascertainment Date</u></p> <p>Any adjustments required to eliminate the present value discount applied, pursuant to the Estimation Methodology, to amounts on the Valuation Statement for the period between the Ascertainment Date and the date of the Valuation Statement.</p> <p>(Clause 2.7.1.8 of the Scheme)</p>

8)	<p><u>Adjudicators' fees and costs</u></p> <p>Except in the case of Sovereign, where clause 11.3 shall apply, the amount of any sums in respect of a Scheme Adjudicator's or the Actuarial Adjudicator's unpaid remuneration, costs and expenses pursuant to clause 6.5 to be deducted from the total of such Scheme Creditor's Agreed Claims.</p> <p>(Clause 2.7.1.9 of the Scheme)</p>
9)	<p><u>Advance payments</u></p> <p>Except in the case of Sovereign, where clause 11.3 shall apply, the amount of any advance payment treated as having been received by the Scheme Creditor for the purposes of clause 4.1.4 or 4.1.5 which is to be deducted from the total of such Scheme Creditor's Agreed Claims.</p> <p>(Clause 2.7.1.10 of the Scheme)</p>
10)	<p><u>Tax adjustments</u></p> <p>Any amounts which are required to be deducted or withheld by the Scheme Company for or on account of Tax in respect of Admissible Interest or Sovereign Admissible Interest</p> <p>(Clause 2.7.1.11 of the Scheme)</p>
11)	<p><u>Other adjustments</u></p> <p>Any other amounts in relation to Scheme Claims or Scheme Debts not expressly referred to above which the Scheme Manager considers ought to be taken into account for the purpose of calculating the Scheme Creditor's Net Ascertained Claim or the Scheme Company's Net Debt, as the case may be.</p> <p>(Clause 2.7.1.12 of the Scheme)</p>
12)	<p><u>Scheme Creditor's Net Ascertained Claim or Net Debt</u></p> <p>The final balance following aggregation of the amounts referred to above, which shall be your Net Ascertained Claim or Net Debt, as the case may be.</p> <p>(Clause 2.7.1.13 of the Scheme)</p>
13)	<p><u>Scheme Creditor's Aggregate Net Ascertained Claims or Net Debts</u></p> <p>The final balance following aggregation of the amounts referred to above which shall be that Scheme Creditor's Net Ascertained Claim or Net Debt, as the case may be.</p>

APPENDIX F

First Scheme Advisers

The solvent Scheme Companies have each appointed a Scheme Adviser as follows:

Allianz Cornhill Insurance plc Allianz Global Corporate & Specialty (France) Continental Reinsurance Corporation International Limited Hibernian General Insurance Limited Mitsui Sumitomo Insurance Company (Europe), Limited The Ocean Marine Insurance Company Limited Tokio Marine Europe Insurance Limited	Advised by PricewaterhouseCoopers LLP
Atlantic Mutual Insurance Company Greyfriars Insurance Company Limited Heddington Insurance (U.K.) Limited Oslo Reinsurance Company (UK) Limited Sovereign Insurance (UK) Limited Sphere Drake Insurance Limited The Sea Insurance Company Limited Wausau Insurance Company (U.K.) Limited	Advised by KPMG LLP

APPENDIX G

Stamp Table

Introduction

The following is a listing of stamps for policies underwritten and/or administered by: Willis Faber (Underwriting Management) Limited ("**WFUM**"), Devonport Underwriting Agency Limited ("**DUAL**") and Willis Faber & Dumas Limited ("**WF&D**").

The stamps are shown by client type, ie Non-Marine, Aviation, and Marine, and ordered within by bureau/non-bureau reference.

Non-Bureau - the business underwritten on such stamps was not submitted via the bureaux (eg ILU and LIRMA) but was originally dealt with on a direct basis (via a placing broker).

Other Stamps

The general insurance business of Bimeh Iran Insurance Company (UK) Limited ("**BIMEH**") written by WFUM and Lennox Underwriting Agencies Limited in relation to the underwriting years 1976 to 1981 was transferred to Sovereign on 22 March 1984 in accordance with section 51 of the Insurance Companies Act 1982.

Therefore a copy of the Bimeh stamp used by Lennox Underwriting Agencies Limited has been attached at the end of this document.

Electronic search facility

If you are viewing this document on the CD-ROM or on the Website, the following stamp listing can be searched electronically.

Should you wish to search for a particular company or stamp, please use the Search option by selecting the 'Ctrl & F' keys on your keyboard. This will identify text within the document but not text incorporated in the image of the stamp.

Searchable text includes:

- Bureau stamp code.
- Years in which the stamp was used.
- Current Scheme Company name.
- Name of company on stamp (in bold).

In order to use the search functionality, version 6.0.2 of Adobe (18/05/04), or more recent, will be required.

If you are using an earlier version, e.g. Acrobat Reader version 5.1.0, you should liaise with your IT department in this matter; a download of the latest version may be accessed from within the FAQ (Frequently Asked Questions) section (Technical FAQ) of the WFUM Pools website. You may not be able to use the download without prior agreement from your IT department.

An alternative way around this problem is to click the mouse on this page, select the following keys on the keyboard; "Ctrl" and "A" to select all data, "Ctrl" and "C" to copy it and then paste the data into Microsoft Word by opening up Word and pressing "Ctrl" and "V". The search functionality within Microsoft Word should enable the ability to search for data required.

LIRMA Stamp Reference D0709

Used in Years

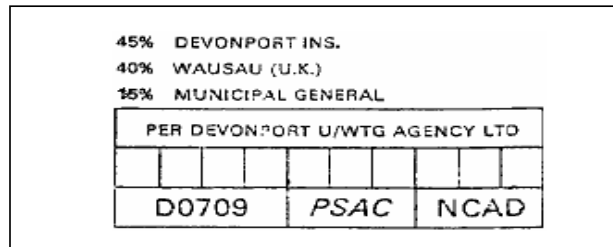
1982 - 85

The stamp was used to write Non-Marine business by the DUAL agency.

Companies on the stamp and their respective shares were:

SOVEREIGN INSURANCE (UK) LIMITED (DEVONPORT INS)	45.00%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	40.00%
MUNICIPAL GENERAL INSURANCE LIMITED (MUNICIPAL GENERAL)	15.00%

The stamp appears on slips as :



Note: Municipal General Insurance Ltd is not included in the proposed WFUM Pools scheme. It is the subject of its own Scheme of Arrangement.

LIRMA Stamp Reference D0808

Used in Years

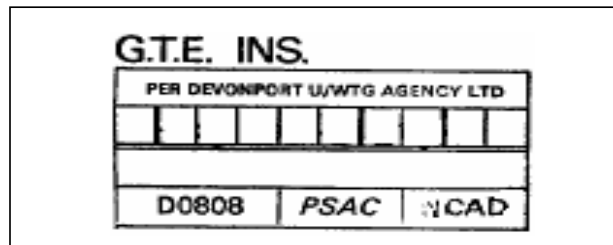
1982 - 85

The stamp was used to write Non-Marine business by the DUAL agency.

Companies on the stamp and their respective shares were:

GREYFRIARS INSURANCE COMPANY LIMITED (G.T.E. INS)	100.00%
--	---------

The stamp appears on slips as :



LIRMA Stamp Reference H0101

Used in Years

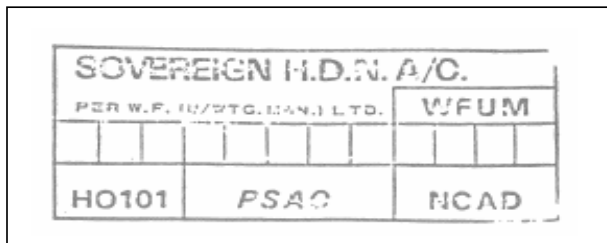
1980 - 85

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference H0119

Used in Years

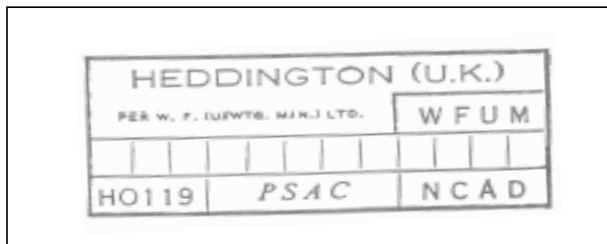
1981 - 85

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

HEDDINGTON INSURANCE (U.K.) LIMITED (**HEDDINGTON (U.K.)**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference H0127

Used in Years

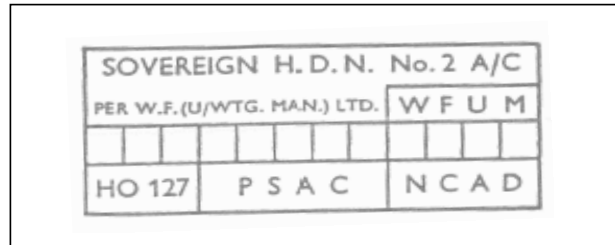
1981 - 84

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference H0135

Used in Years

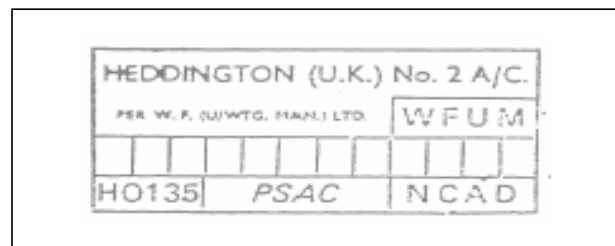
1983 - 85

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

HEDDINGTON INSURANCE (U.K.) LIMITED (**HEDDINGTON (U.K.)**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference H0143

Used in Years

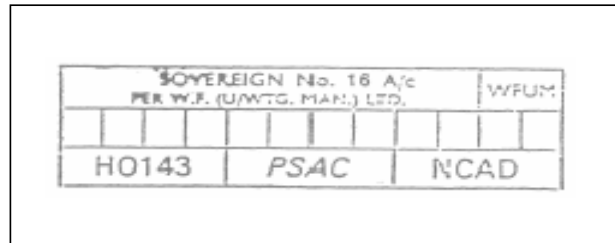
1983 - 85

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference H0150

Used in Years

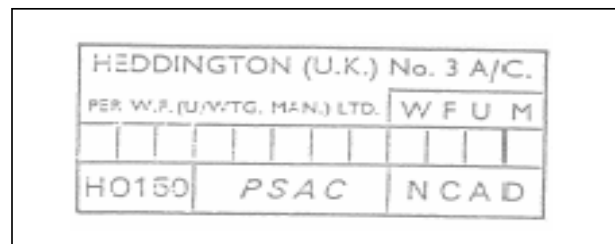
1984 - 86

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

HEDDINGTON INSURANCE (U.K.) LIMITED (**HEDDINGTON (U.K.)**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference S0016

Used in Years

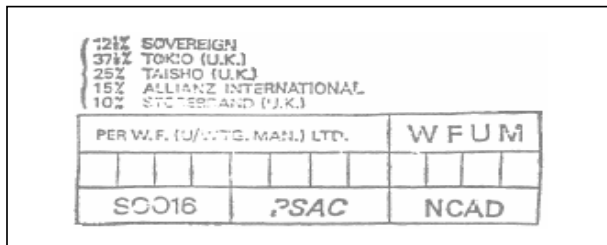
1979 - 85

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	37.50%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	25.00%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	15.00%
SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	12.50%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	10.00%

The stamp appears on slips as :



LIRMA Stamp Reference S0024

Used in Years

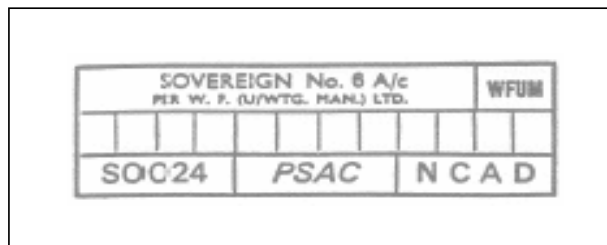
1979 - 85

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	100.00%
---	---------

The stamp appears on slips as :



LIRMA Stamp Reference S0032

Used in Years

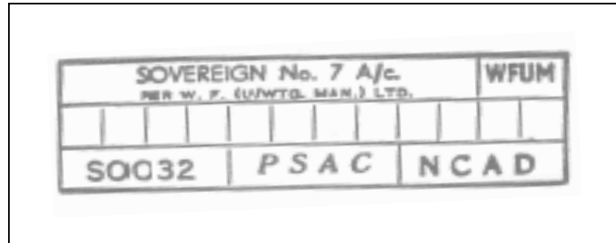
1979 - 81

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference S0040

Used between Years

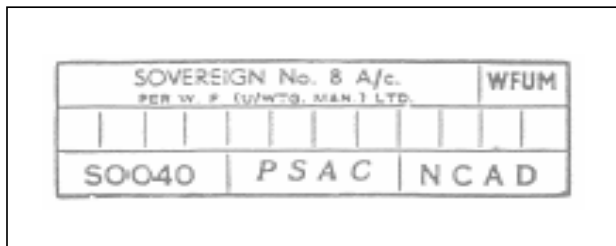
1979 - 86

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference

S0057

Used in Years

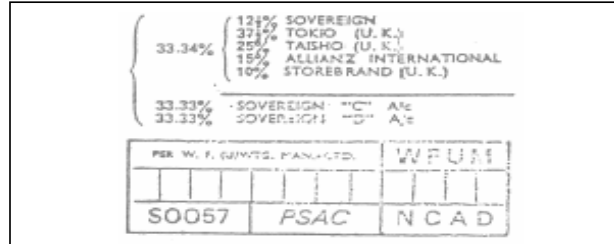
1983 - 85

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	70.83%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	12.50%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	8.34%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.00%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	3.33%

The stamp appears on slips as :



LIRMA Stamp Reference

S0065

Used in Years

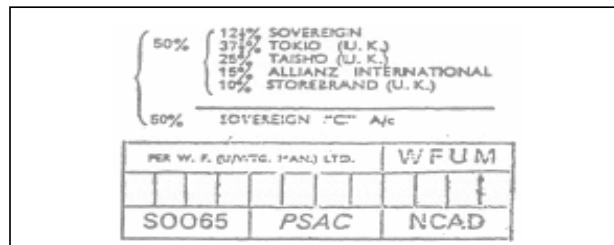
1981 - 85

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	56.25%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	18.75%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	12.50%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	7.50%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	5.00%

The stamp appears on slips as :



LIRMA Stamp Reference S0073

Used in Years

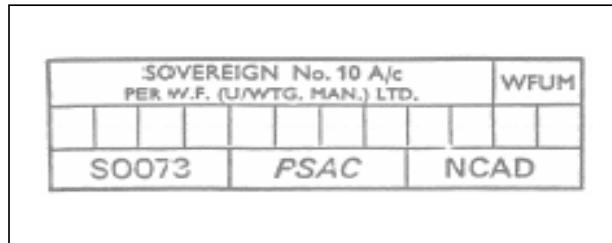
1982 - 85

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference S0081

Used in Years

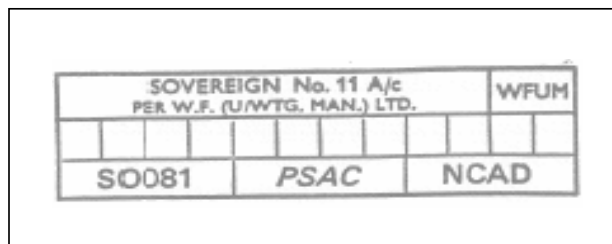
1983 - 84

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference S0099

Used in Years

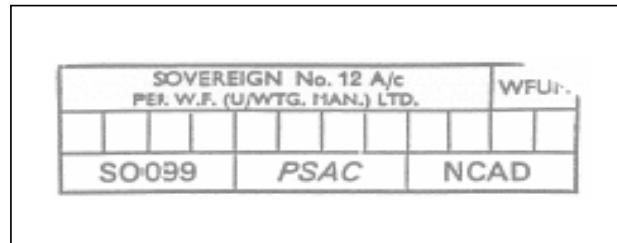
1983 - 85

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference S0107

Used in Years

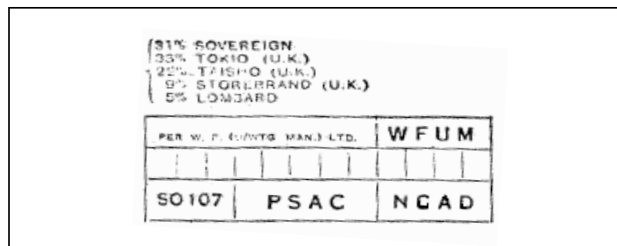
1978

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

TOKIO MARINE EUROPE INSURANCE LIMITED (**TOKIO (U.K.)**) 33.00%
SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 31.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (**TAISHO (U.K.)**) 22.00%
OSLO REINSURANCE COMPANY (UK) LIMITED (**STOREBRAND (U.K.)**) 9.00%
CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED (**LOMBARD**) 5.00%

The stamp appears on slips as :



LIRMA Stamp Reference S0123

Used in Years

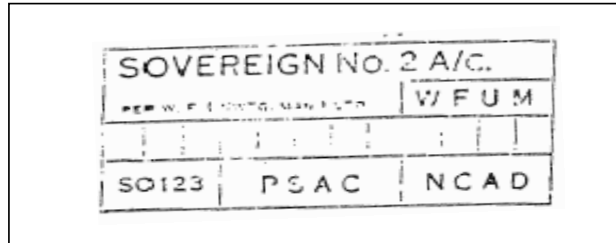
1977 - 90

The stamp was used to write Non-Marine business by the WFUM agency.

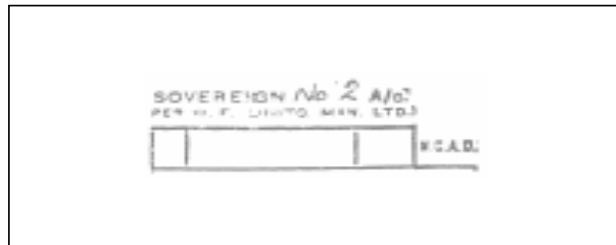
Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



The non-bureau equivalent is:



LIRMA Stamp Reference S0131

Used between Years

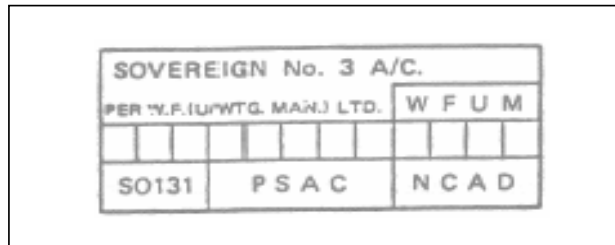
1976 - 90

The stamp was used to write Non-Marine business by the WFUM agency.

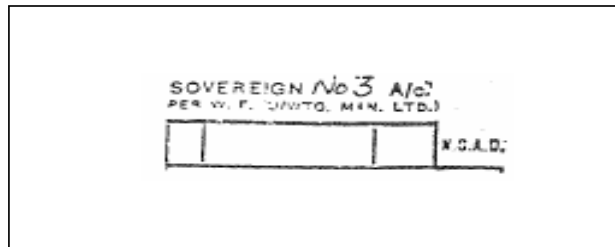
Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



The non-bureau equivalent is:



LIRMA Stamp Reference S0149

Used in Years

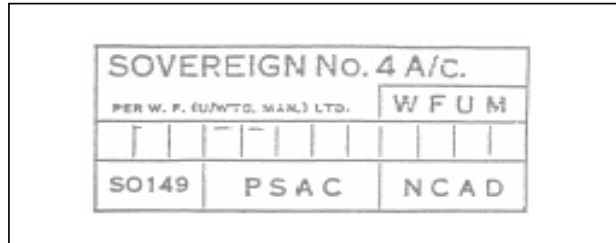
1976 - 86

The stamp was used to write Non-Marine business by the WFUM agency.

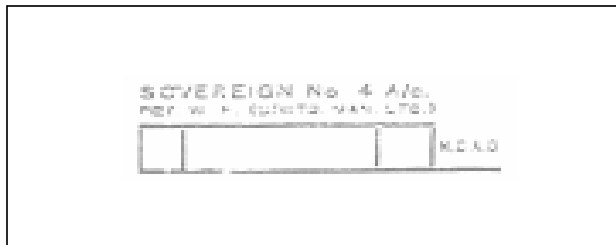
Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



The non-bureau equivalent is:

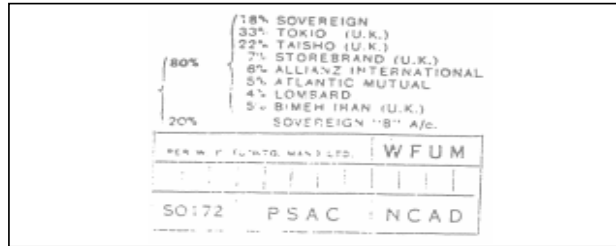


The stamp was used to write Non-Marine business by the WFUM agency.

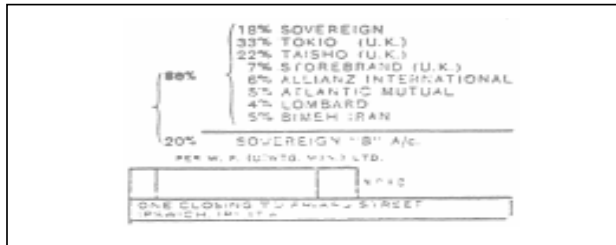
Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	34.40%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	26.40%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	17.60%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	5.60%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	4.80%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.00%
CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED (LOMBARD)	3.20%
SOVEREIGN MARINE & GENERAL INS CO LTD (BIMEH IRAN (U.K.))	4.00%

The stamp appears on slips as :



The non-bureau equivalent is:

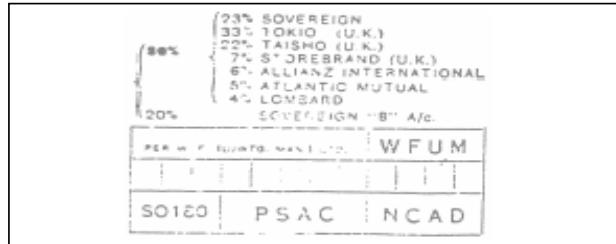


The stamp was used to write Non-Marine business by the WFUM agency.

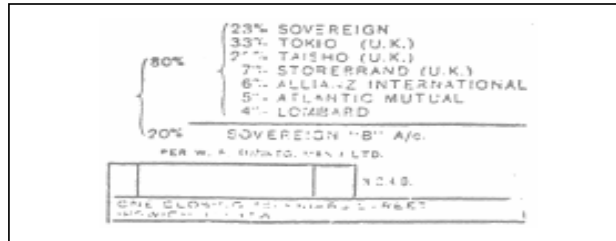
Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	38.40%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	26.40%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	17.60%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	5.60%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	4.80%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.00%
CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED (LOMBARD)	3.20%

The stamp appears on slips as :



The non-bureau equivalent is:

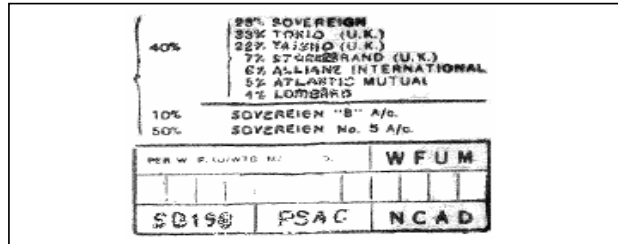


The stamp was used to write Non-Marine business by the WFUM agency.

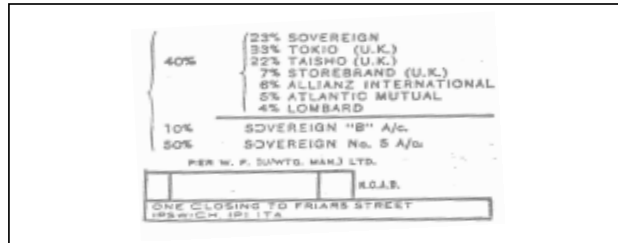
Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	69.20%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	13.20%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	8.80%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	2.80%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	2.40%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	2.00%
CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED (LOMBARD)	1.60%

The stamp appears on slips as :



The non-bureau equivalent is:



LIRMA Stamp Reference S01A5

Used in Years

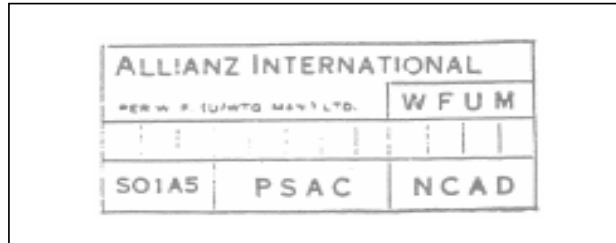
1976 - 77

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

ALLIANZ CORNHILL INSURANCE PLC (**ALLIANZ INTERNATIONAL**) 100.00%

The stamp appears on slips as :



The non-bureau equivalent is:



LIRMA Stamp Reference S01B3

Used in Years

1976 - 86

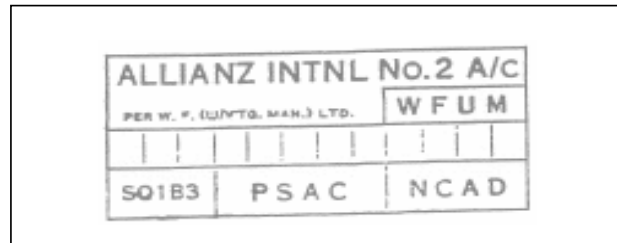
The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

ALLIANZ CORNHILL INSURANCE PLC (**ALLIANZ INTERNATIONAL**)

100.00%

The stamp appears on slips as :



The non-bureau equivalent is:



LIRMA Stamp Reference S01C1

Used in Years

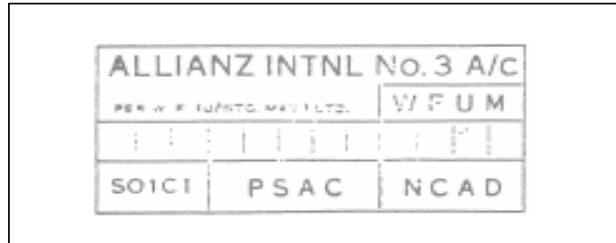
1976 - 86

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

ALLIANZ CORNHILL INSURANCE PLC (**ALLIANZ INTERNATIONAL**) 100.00%

The stamp appears on slips as :



The non-bureau equivalent is:

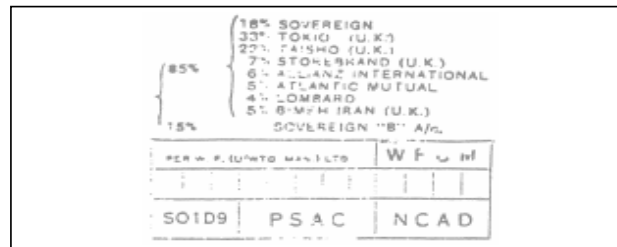


The stamp was used to write Non-Marine business by the WFUM agency.

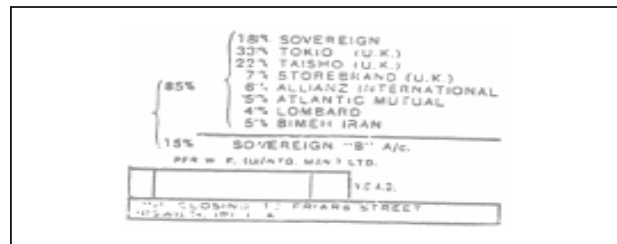
Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	30.30%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	28.05%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	18.70%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	5.95%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.10%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.25%
SOVEREIGN MARINE & GENERAL INS CO LTD (BIMEH IRAN (U.K.))	4.25%
CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED (LOMBARD)	3.40%

The stamp appears on slips as :



The non-bureau equivalent is:

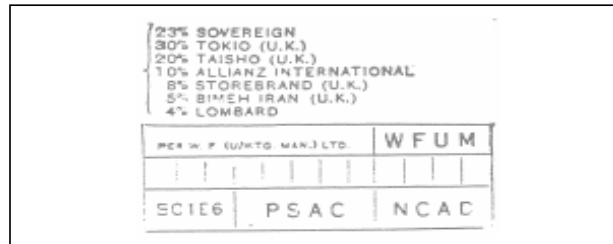


The stamp was used to write Non-Marine business by the WFUM agency.

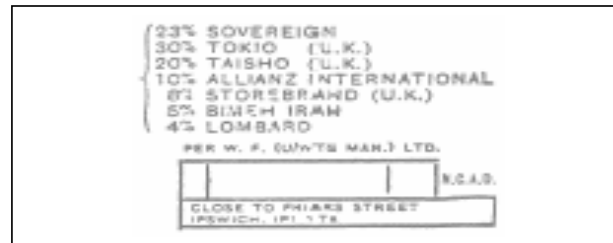
Companies on the stamp and their respective shares were:

TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	30.00%
SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	23.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	20.00%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	10.00%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	8.00%
SOVEREIGN MARINE & GENERAL INS CO LTD (BIMEH IRAN (U.K.))	5.00%
CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED (LOMBARD)	4.00%

The stamp appears on slips as :



The non-bureau equivalent is:

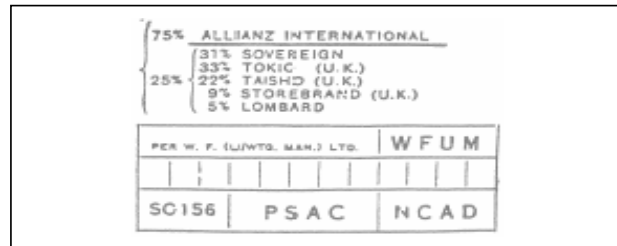


The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	75.00%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	8.25%
SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	7.75%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	5.50%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	2.25%
CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED (LOMBARD)	1.25%

The stamp appears on slips as :

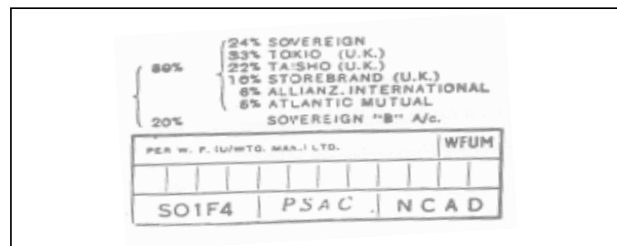


The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	39.20%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	26.40%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	17.60%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	8.00%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	4.80%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.00%

The stamp appears on slips as :



LIRMA Stamp Reference S01G2

Used in Years

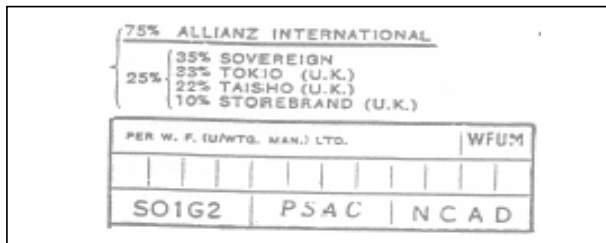
1979 - 86

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	75.00%
SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	8.75%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	8.25%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	5.50%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	2.50%

The stamp appears on slips as :



LIRMA Stamp Reference S01H0

Used in Years

1979 - 85

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	35.00%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	33.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	22.00%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	10.00%

The stamp appears on slips as :

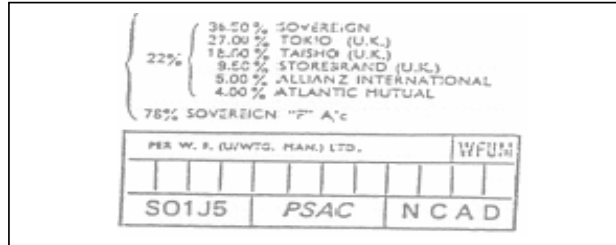


The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	86.03%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	5.94%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	3.96%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	2.09%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	1.10%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	0.88%

The stamp appears on slips as :

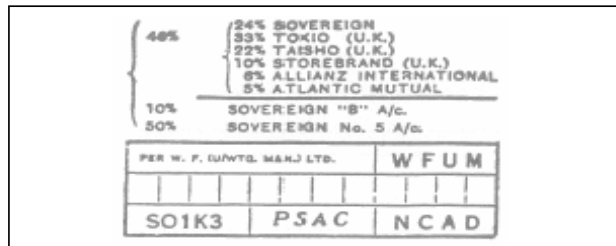


The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	69.60%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	13.20%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	8.80%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	4.00%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	2.40%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	2.00%

The stamp appears on slips as :



LIRMA Stamp Reference S01L1

Used in Years

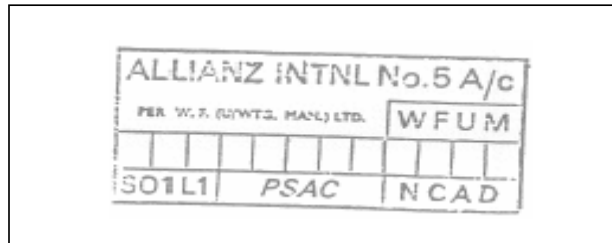
1983 - 86

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

ALLIANZ CORNHILL INSURANCE PLC (**ALLIANZ INTERNATIONAL**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference S01M9

Used in Years

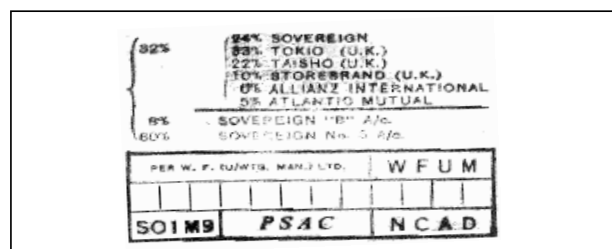
1981

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 75.68%
TOKIO MARINE EUROPE INSURANCE LIMITED (**TOKIO (U.K.)**) 10.56%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (**TAISHO (U.K.)**) 7.04%
OSLO REINSURANCE COMPANY (UK) LIMITED (**STOREBRAND (U.K.)**) 3.20%
ALLIANZ CORNHILL INSURANCE PLC (**ALLIANZ INTERNATIONAL**) 1.92%
ATLANTIC MUTUAL INSURANCE COMPANY (**ATLANTIC MUTUAL**) 1.60%

The stamp appears on slips as :



LIRMA Stamp Reference S01N6

Used in Years

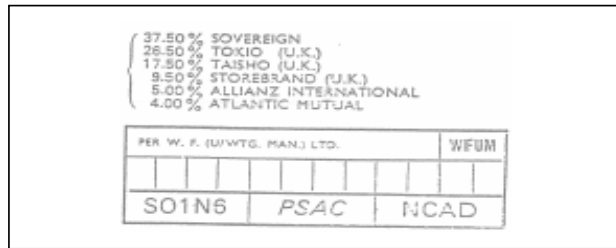
1982

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	37.50%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	26.50%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	17.50%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	9.50%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.00%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.00%

The stamp appears on slips as :



LIRMA Stamp Reference S01P2

Used in Years

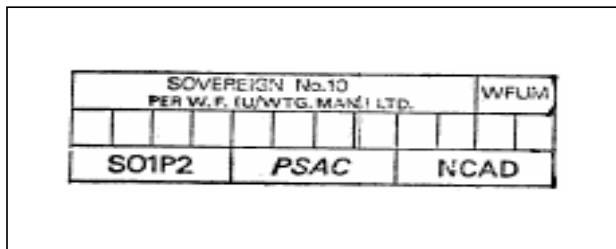
1981

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	100.00%
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The stamp appears on slips as :



LIRMA Stamp Reference S01Q0

Used in Years

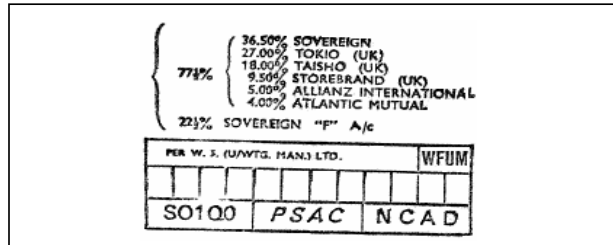
1985

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	50.79%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	20.93%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	13.95%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	7.36%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	3.87%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	3.10%

The stamp appears on slips as :



LIRMA Stamp Reference S01R8

Used in Years

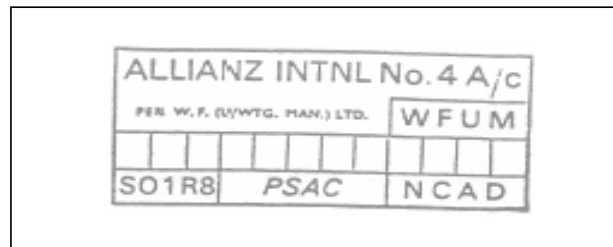
1983 - 86

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	100.00%
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The stamp appears on slips as :



LIRMA Stamp Reference S01S3

Used in Years

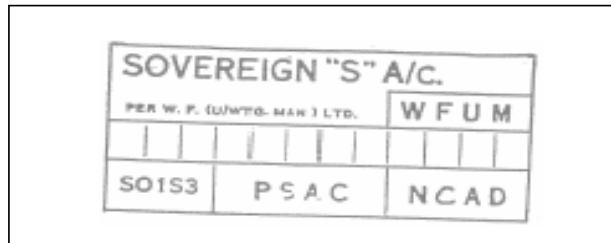
1977 - 85

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference S01T1

Used in Years

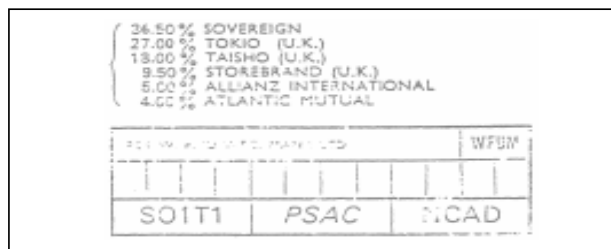
1982 - 85

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 36.50%
TOKIO MARINE EUROPE INSURANCE LIMITED (**TOKIO (U.K.)**) 27.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (**TAISHO (U.K.)**) 18.00%
OSLO REINSURANCE COMPANY (UK) LIMITED (**STOREBRAND (U.K.)**) 9.50%
ALLIANZ CORNHILL INSURANCE PLC (**ALLIANZ INTERNATIONAL**) 5.00%
ATLANTIC MUTUAL INSURANCE COMPANY (**ATLANTIC MUTUAL**) 4.00%

The stamp appears on slips as :



LIRMA Stamp Reference S01X2

Used in Years

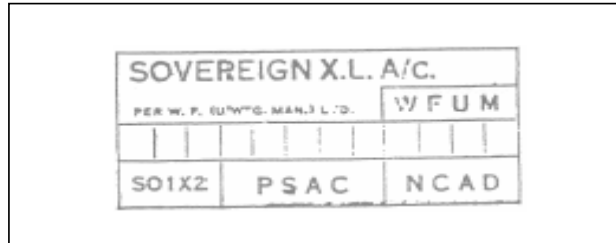
1977 - 80

The stamp was used to write Non-Marine business by the WFUM agency.

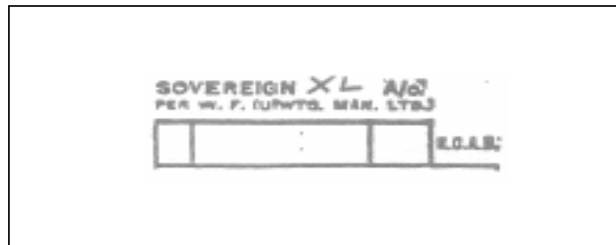
Companies on the stamp and their respective shares were:

 SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



The non-bureau equivalent is:



LIRMA Stamp Reference S01V6

Used in Years

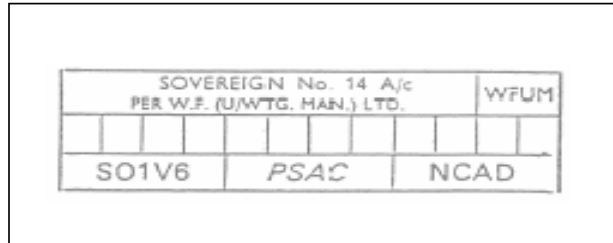
1983 - 89

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference S01Y0

Used in Years

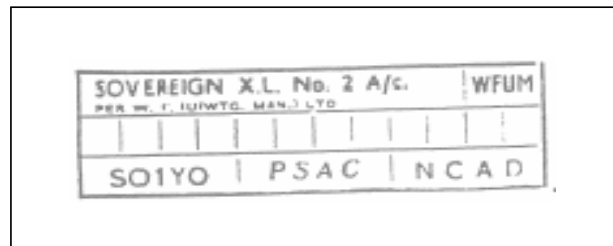
1978 - 79

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference S01W4

Used in Years

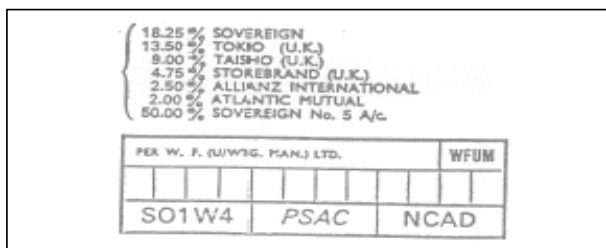
1982 - 84

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	68.25%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	13.50%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	9.00%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	4.75%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	2.50%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	2.00%

The stamp appears on slips as :



LIRMA Stamp Reference S01Z8

Used in Years

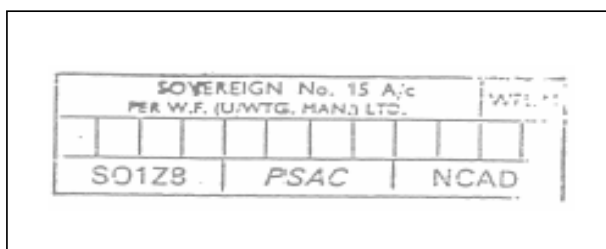
1983 - 85

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	100.00%
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The stamp appears on slips as :



LIRMA Stamp Reference S0503

Used in Years

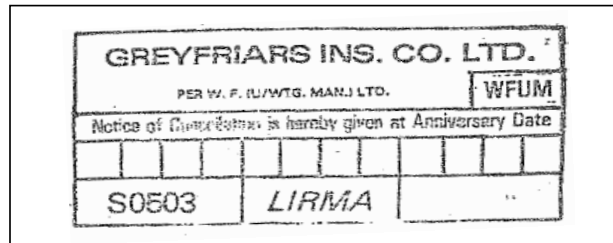
1991

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

GREYFRIARS INSURANCE COMPANY LIMITED (**GREYFRIARS INS**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference S0602

Used in Years

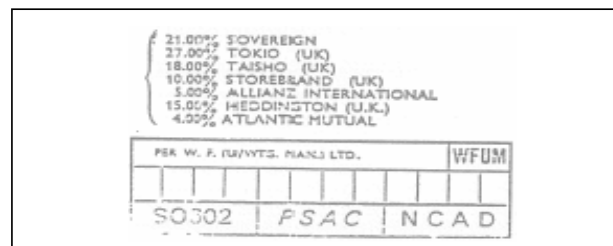
1986

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

TOKIO MARINE EUROPE INSURANCE LIMITED (**TOKIO (U.K.)**) 27.00%
SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 21.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (**TAISHO (U.K.)**) 18.00%
HEDDINGTON INSURANCE (U.K.) LIMITED (**HEDDINGTON (U.K.)**) 15.00%
OSLO REINSURANCE COMPANY (UK) LIMITED (**STOREBRAND (U.K.)**) 10.00%
ALLIANZ CORNHILL INSURANCE PLC (**ALLIANZ INTERNATIONAL**) 5.00%
ATLANTIC MUTUAL INSURANCE COMPANY (**ATLANTIC MUTUAL**) 4.00%

The stamp appears on slips as :



LIRMA Stamp Reference S0610

Used in Years

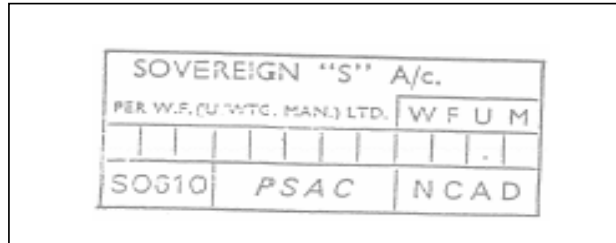
1986

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference S0628

Used in Years

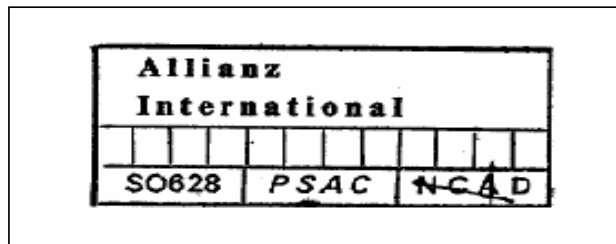
1986 - 87

The stamp was used to write Non-Marine business written by Allianz and administered by the WFUM agency.

Companies on the stamp and their respective shares were:

ALLIANZ CORNHILL INSURANCE PLC (**ALLIANZ INTERNATIONAL**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference S0701

Used in Years

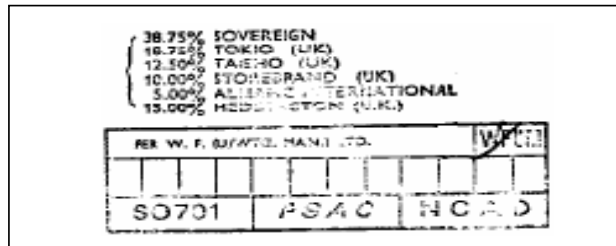
1986

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	38.75%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	18.75%
HEDDINGTON INSURANCE (U.K.) LIMITED (HEDDINGTON (U.K.))	15.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	12.50%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	10.00%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.00%

The stamp appears on slips as :



LIRMA Stamp Reference S0719

Used in Years

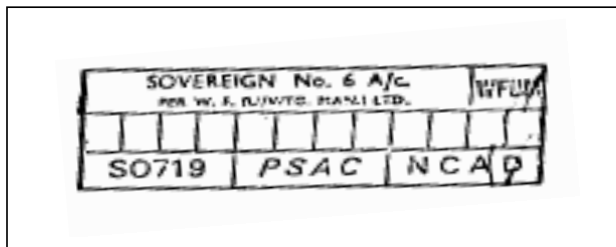
1986

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	100.00%
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The stamp appears on slips as :



LIRMA Stamp Reference

S0818

Used in Years

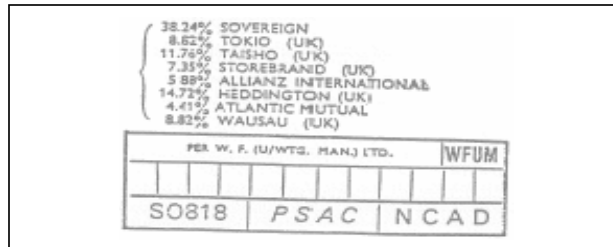
1987

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	38.24%
HEDDINGTON INSURANCE (U.K.) LIMITED (HEDDINGTON (U.K.))	14.72%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	11.76%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	8.82%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	8.82%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	7.35%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.88%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.41%

The stamp appears on slips as :



LIRMA Stamp Reference

S0826

Used in Years

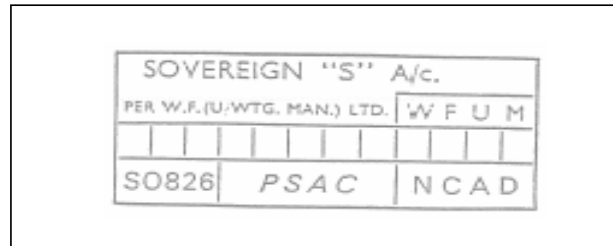
1987

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	100.00%
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The stamp appears on slips as :

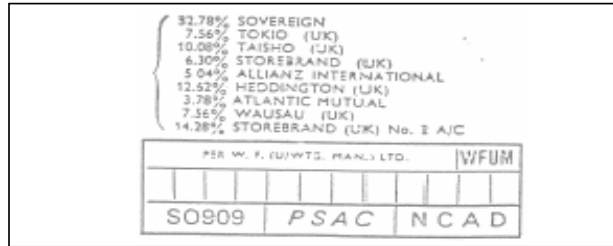


The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	32.78%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	20.58%
HEDDINGTON INSURANCE (U.K.) LIMITED (HEDDINGTON (U.K.))	12.62%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	10.08%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	7.56%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	7.56%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.04%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	3.78%

The stamp appears on slips as :

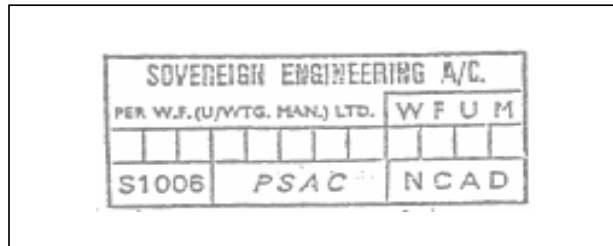


The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	100.00%
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The stamp appears on slips as :

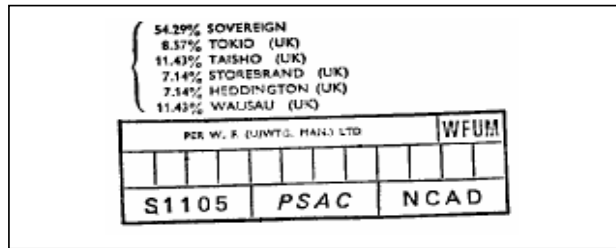


The stamp was used to write Non-Marine business by the WFUM agency.

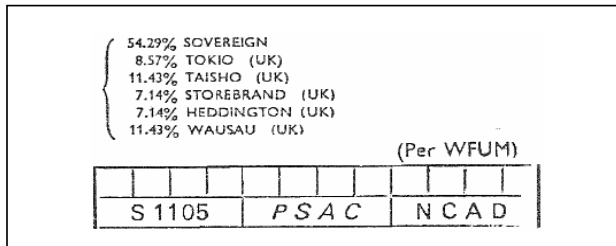
Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	54.29%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	11.43%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	11.43%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	8.57%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	7.14%
HEDDINGTON INSURANCE (U.K.) LIMITED (HEDDINGTON (U.K.))	7.14%

The stamp appears on slips as :



But may also appear as:



LIRMA Stamp Reference S1204

Used in Years

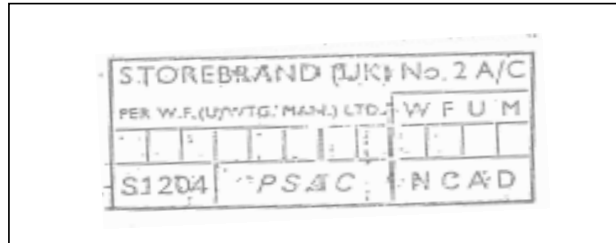
1988 - 90

The stamp was used to write Non-Marine business by the WFUM agency.

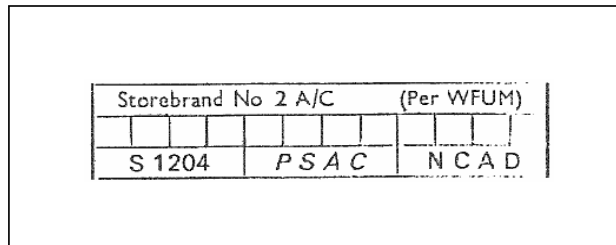
Companies on the stamp and their respective shares were:

OSLO REINSURANCE COMPANY (UK) LIMITED (**STOREBRAND (U.K.)**) 100.00%

The stamp appears on slips as :



But may also appear as:



LIRMA Stamp Reference S1709

Used in Years

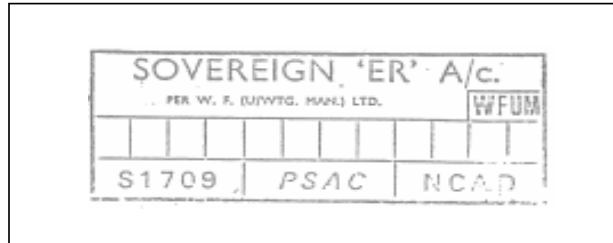
1988 - 91

The stamp was used to write Non-Marine business by the WFUM agency.

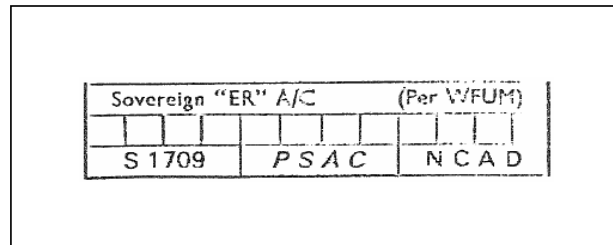
Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



But may also appear as:



LIRMA Stamp Reference S1113

Used in Years

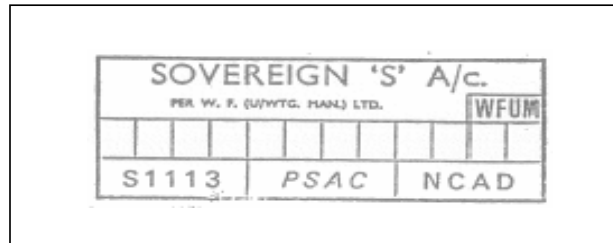
1988 - 89

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference S1303

Used in Years

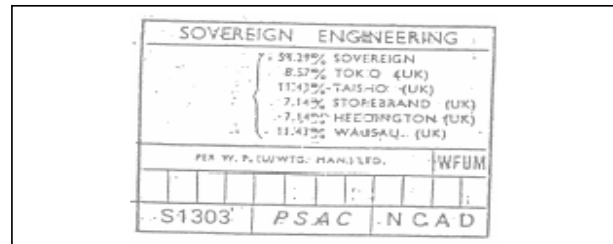
1988

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 54.29%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (**TAISHO (U.K.)**) 11.43%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (**WAUSAU (U.K.)**) 11.43%
TOKIO MARINE EUROPE INSURANCE LIMITED (**TOKIO (U.K.)**) 8.57%
OSLO REINSURANCE COMPANY (UK) LIMITED (**STOREBRAND (U.K.)**) 7.14%
HEDDINGTON INSURANCE (U.K.) LIMITED (**HEDDINGTON (U.K.)**) 7.14%

The stamp appears on slips as :



LIRMA Stamp Reference S1907

Used in Years

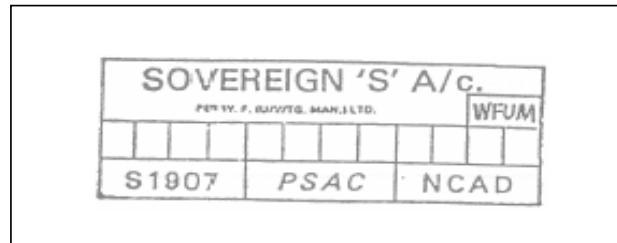
1989 - 90

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference S2004

Used in Years

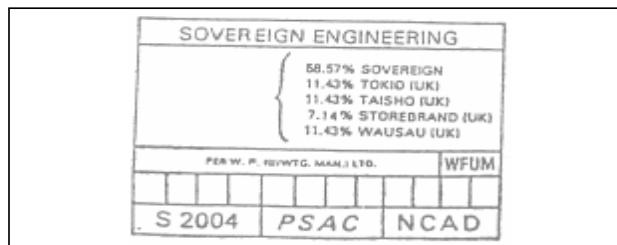
1989 - 90

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 58.57%
TOKIO MARINE EUROPE INSURANCE LIMITED (**TOKIO (U.K.)**) 11.43%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (**TAISHO (U.K.)**) 11.43%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (**WAUSAU (U.K.)**) 11.43%
OSLO REINSURANCE COMPANY (UK) LIMITED (**STOREBRAND (U.K.)**) 7.14%

The stamp appears on slips as :



LIRMA Stamp Reference S2103

Used in Years

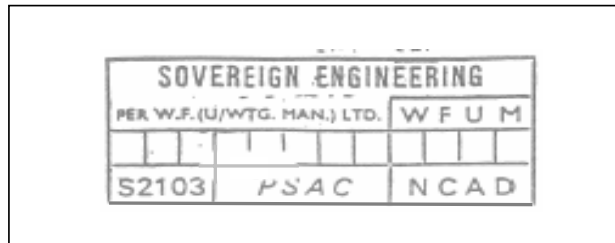
1989 - 90

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference S2202

Used in Years

1990 - 91

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



LIRMA Stamp Reference S2301

Used in Years

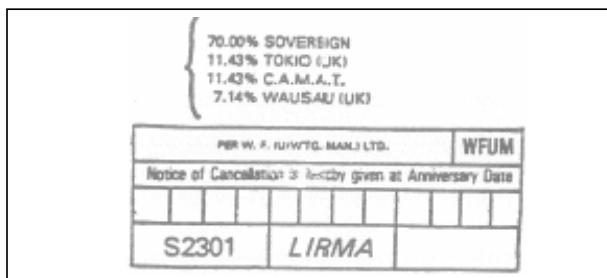
1991

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	70.00%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	11.43%
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	11.43%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	7.14%

The stamp appears on slips as :



LIRMA Stamp Reference S2400

Used in Years

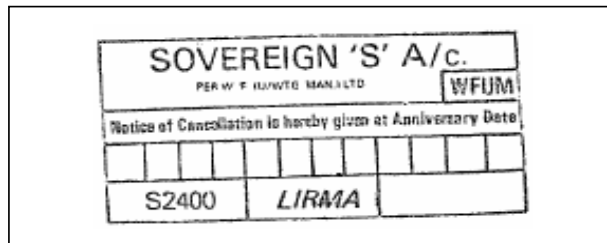
1991

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	100.00%
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The stamp appears on slips as :



LIRMA Stamp Reference S2509

Used in Years

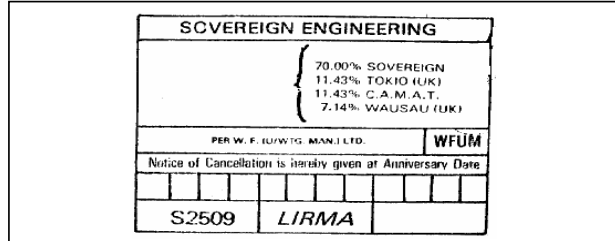
1991

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	70.00%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	11.43%
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	11.43%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	7.14%

The stamp appears on slips as :



Non-bureau stamp

Used between Years

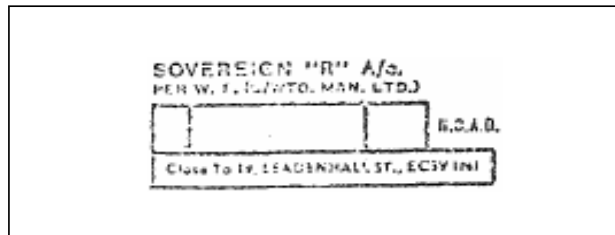
1972 - 73

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	100.00%
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The stamp appears on slips as :



Non-bureau stamp

Used in Years

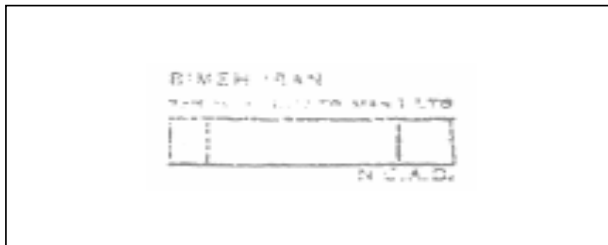
1976 - 77

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



But may also appear as:



Non-bureau stamp

Used between Years

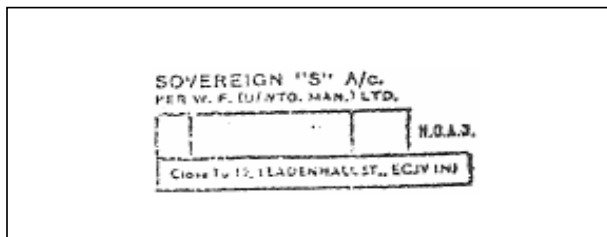
1972 - 78

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



Non-bureau stamp

Used between Years

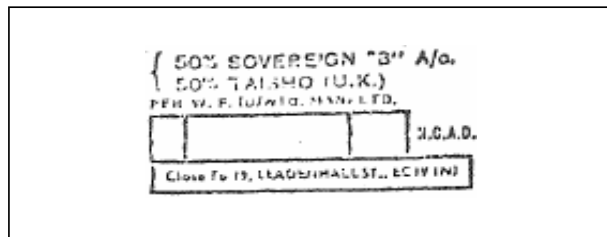
1972 - 73

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 50.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (**TAISHO (U.K.)**) 50.00%

The stamp appears on slips as :



Non-bureau stamp

Used between Years

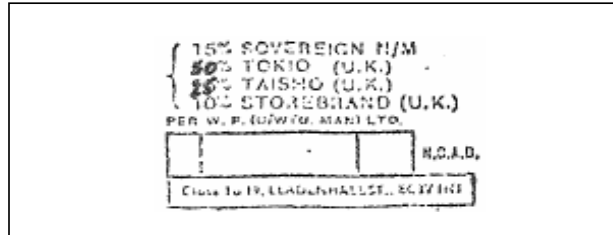
1972 - 73

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	15.00%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	50.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	25.00%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	10.00%

The stamp appears on slips as :



Non-bureau stamp

Used between Years

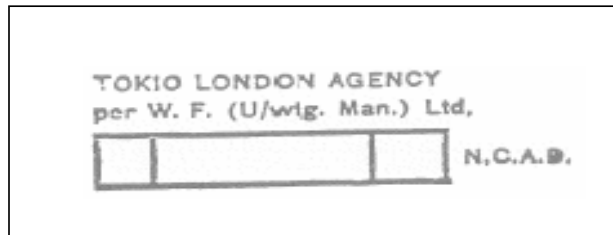
1977 - 86

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO LONDON AGENCY)	100.00%
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The stamp appears on slips as :



Non-bureau stamp

Used in Years

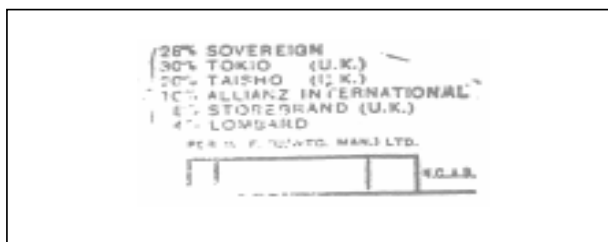
1976

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	28.00%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	30.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	20.00%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	10.00%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	8.00%
CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED (LOMBARD)	4.00%

The stamp appears on slips as :



Non-bureau stamp

Used in Years

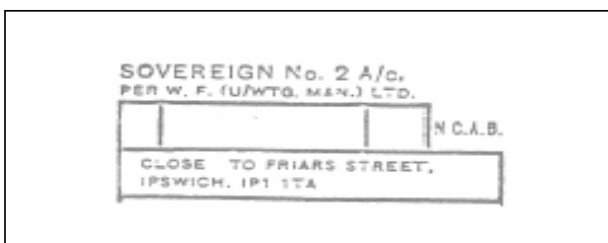
1980

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	100.00%
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The stamp appears on slips as :



Non-bureau stamp

Used in Years

1979 - 86

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

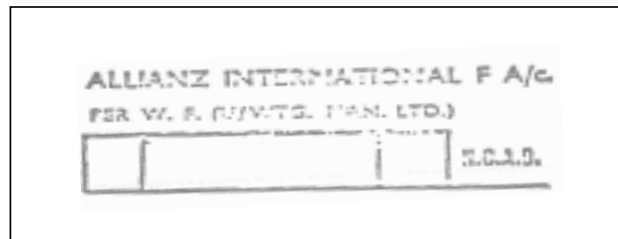
ALLIANZ CORNHILL INSURANCE PLC (**ALLIANZ INTERNATIONAL**)

100.00%

The stamp appears on slips as :



But may also appear as:



Non-bureau stamp

Used in Years

1983 - 84

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



Non-bureau stamp

Used in Years

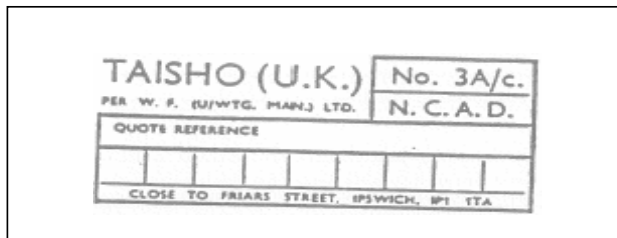
1986

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (**TAISHO (U.K.)**) 100.00%

The stamp appears on slips as :



Non-bureau stamp

Used in Years

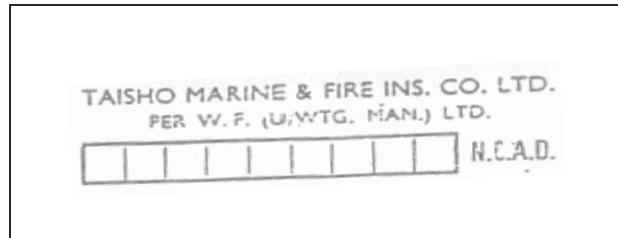
1984 - 90

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (**TAISHO MARINE & FII**) 100.00%

The stamp appears on slips as :



Non-bureau stamp

Used in Years

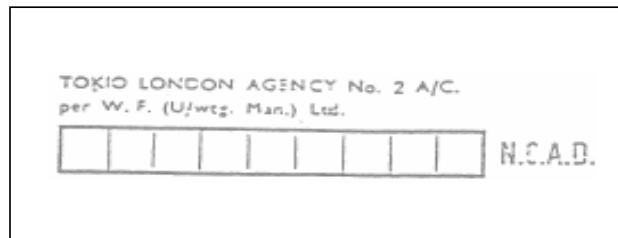
1986

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

TOKIO MARINE EUROPE INSURANCE LIMITED (**TOKIO LONDON AGENCY**) 100.00%

The stamp appears on slips as :



Non-bureau stamp

Used in Years

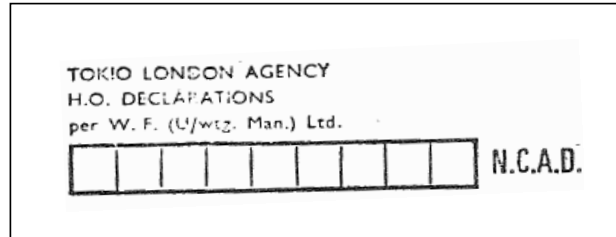
1986

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

TOKIO MARINE EUROPE INSURANCE LIMITED (**TOKIO LONDON AGENCY**) 100.00%

The stamp appears on slips as :



Non-bureau stamp

Used in Years

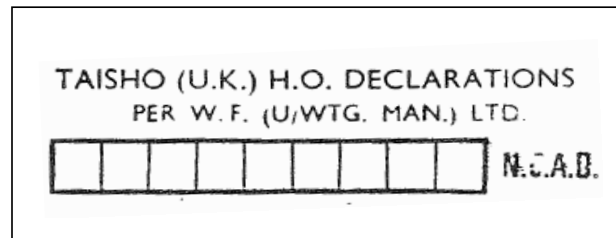
1986

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (**TAISHO (U.K.)**) 100.00%

The stamp appears on slips as :



Non-bureau stamp

Used in Years

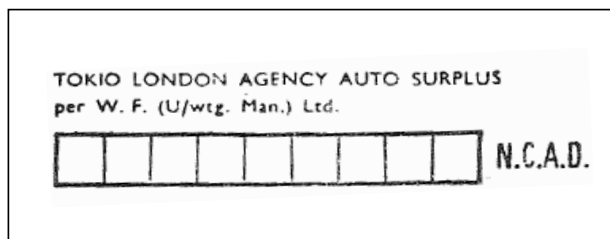
1986 - 90

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO LONDON AGENCY)	100.00%
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The stamp appears on slips as :



Non-bureau stamp

Used in Years

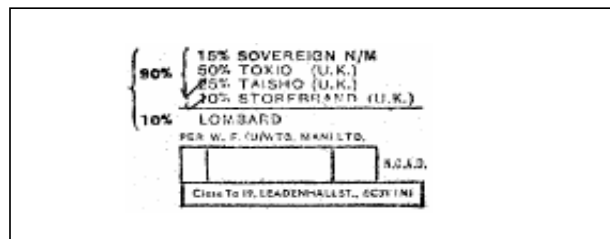
1973

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	13.50%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	45.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	22.50%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	9.00%
CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED (LOMBARD)	10.00%

The stamp appears on slips as :



Non-bureau stamp

Used in Years

1974

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	34.00%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	30.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	20.00%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	9.00%
CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED (LOMBARD)	7.00%

The stamp appears on slips as :



Non-bureau stamp

Used in Years

1975 - 76

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	28.00%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	30.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	20.00%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	8.00%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	5.00%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.00%
CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED (LOMBARD)	4.00%

The stamp appears on slips as :



Non-bureau stamp

Used in Years

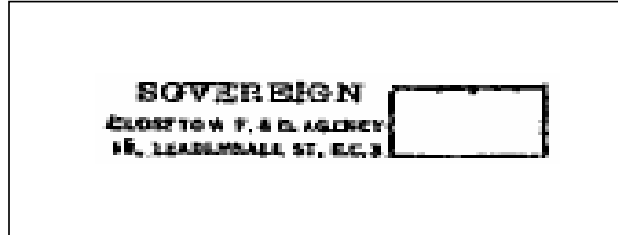
1950 - 66

The stamp was used to write Non-Marine business by the WF&D agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



Non-bureau stamp

Used in Years

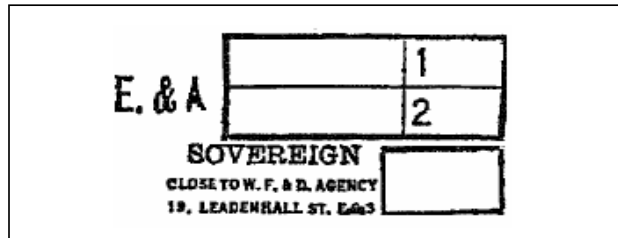
1950 - 66

The stamp was used to write Non-Marine business by the WF&D agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



Non-bureau stamp

Used in Years

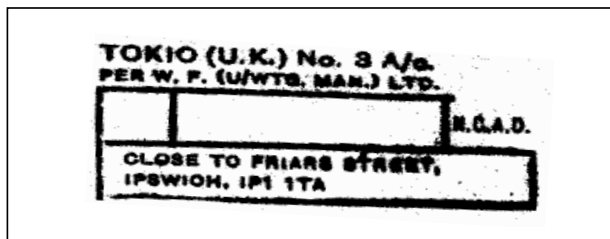
1979 - 83

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

TOKIO MARINE EUROPE INSURANCE LIMITED (**TOKIO (U.K.)**) 100.00%

The stamp appears on slips as :



Non-bureau stamp

Used between Years

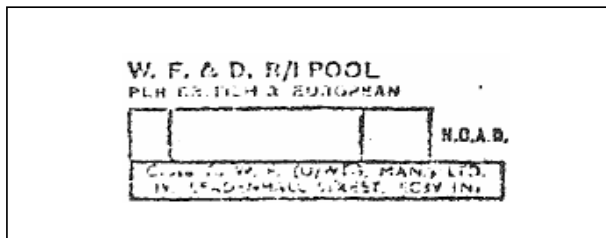
1973 - 76

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

OCEAN MARINE INSURANCE COMPANY LIMITED (**BRITISH & EUROPEAN**) 100.00%

The stamp appears on slips as :



Non-bureau stamp

Used in Years

1988 - 89

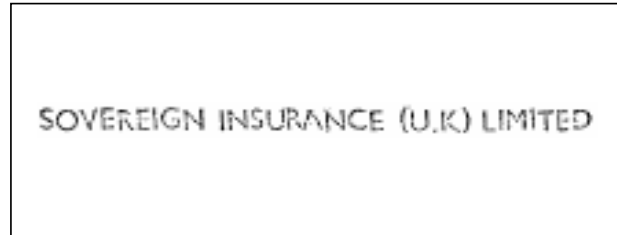
The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN INSURANCE (UK) LIMITED (**SOVEREIGN U.K.**)

100.00%

The stamp appears on slips as :



Non-bureau stamp

Used in Years

1979 - 86

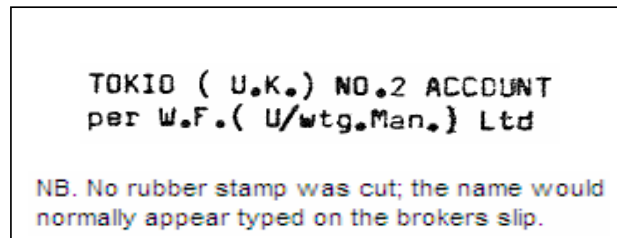
The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

TOKIO MARINE EUROPE INSURANCE LIMITED (**TOKIO (U.K.)**)

100.00%

The stamp appears on slips as :



Non-bureau stamp

Used in Years

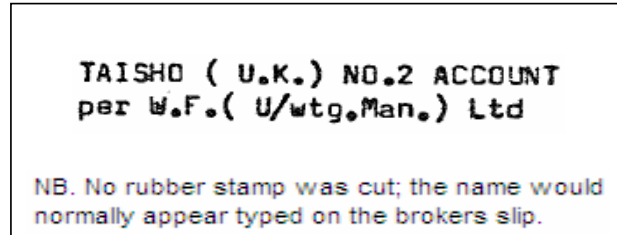
1979 - 86

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (**TAISHO (U.K.)**) 100.00%

The stamp appears on slips as :



Non-bureau stamp

Used in Years

1986

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



Non-bureau stamp

Used in Years

1990

The stamp was used to write Non-Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

TOKIO MARINE EUROPE INSURANCE LIMITED (**TOKIO (U.K.)**)

100.00%

The stamp appears on slips as :

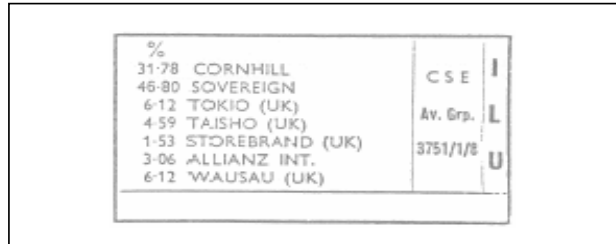


The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	46.80%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	31.78%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	6.12%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	6.12%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	4.59%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	3.06%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	1.53%

The stamp appears on slips as :

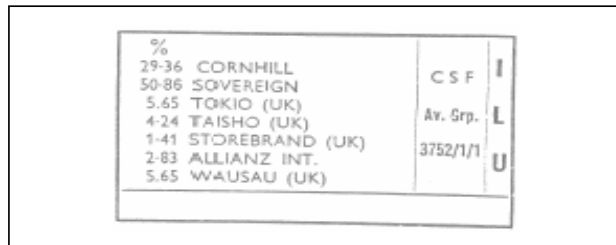


The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	50.86%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	29.36%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	5.65%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	5.65%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	4.24%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	2.83%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	1.41%

The stamp appears on slips as :



ILU Stamp Reference 3754/01

Used in Years

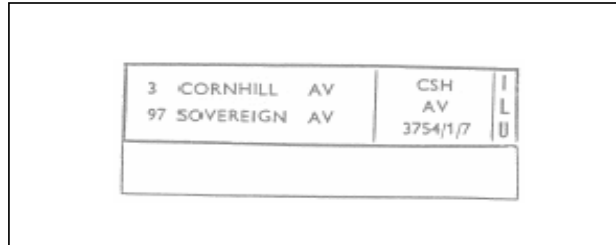
1989 - 91

The stamp was used to write Aviation business by the WFUM agency.

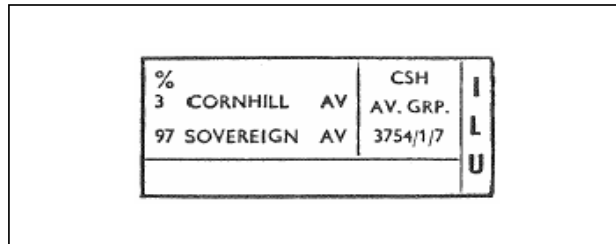
Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	97.00%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	3.00%

The stamp appears on slips as :



But may also appear as:

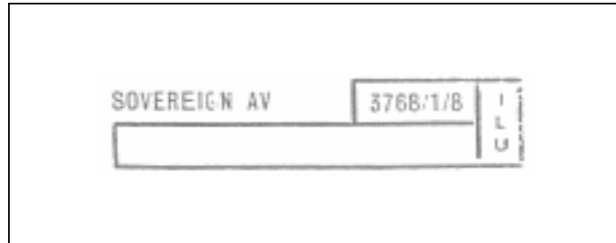


The stamp was used to write Aviation business by the WF&D & WFUM agencies.

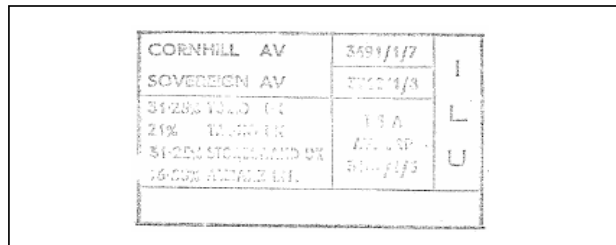
Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

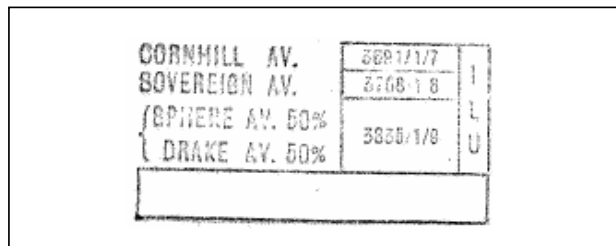
The stamp appears on slips as :



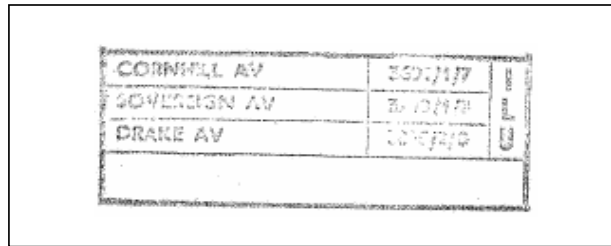
In some cases this stamp was included alongside other stamps in a composite stamp:



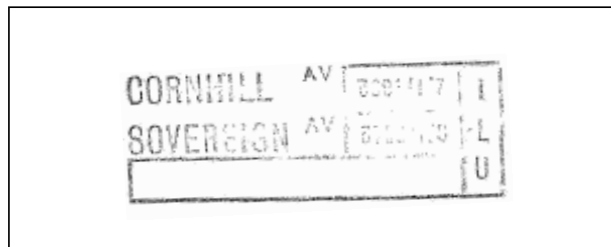
In some cases this stamp was included alongside other stamps in a composite stamp:



In some cases this stamp was included alongside other stamps in a composite stamp:



In some cases this stamp was included alongside other stamps in a composite stamp:



ILU Stamp Reference 3768/02

Used between Years

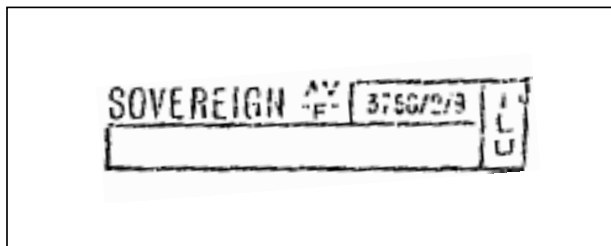
1953 - 91

The stamp was used to write Aviation business by the WF&D & WFUM agencies.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :

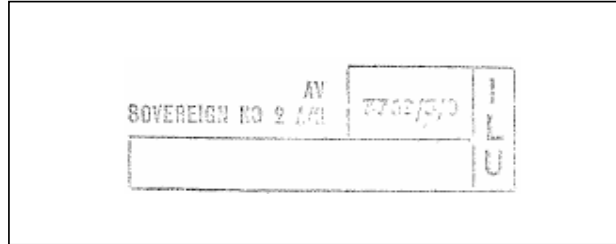


The stamp was used to write Aviation business by the WF&D & WFUM agencies.

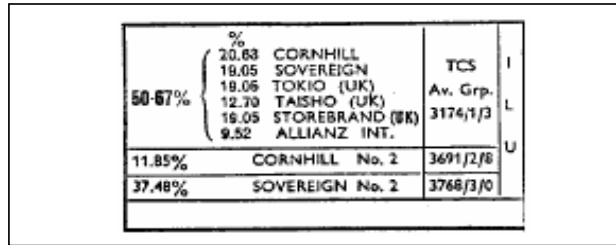
Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

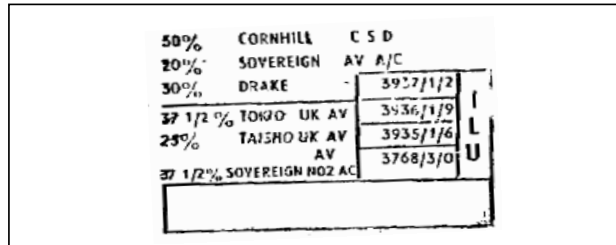
The stamp appears on slips as :



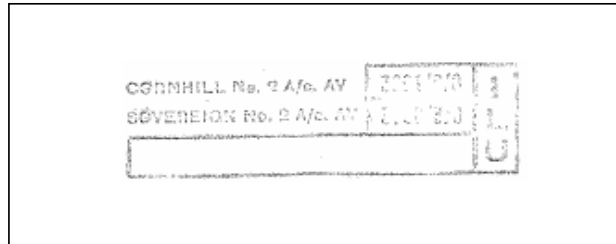
In some cases this stamp was included alongside other stamps in a composite stamp:



In some cases this stamp was included alongside other stamps in a composite stamp:



In some cases this stamp was included alongside other stamps in a composite stamp:



ILU Stamp Reference

3753/01

Used in Years

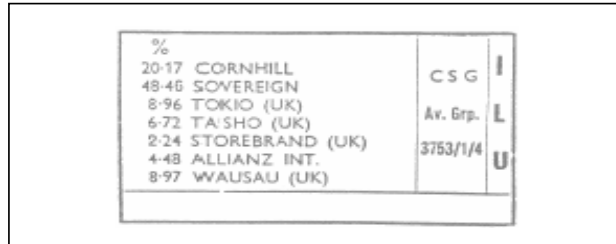
1989

The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	48.46%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	20.17%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	8.97%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	8.96%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	6.72%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	4.48%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	2.24%

The stamp appears on slips as :



ILU Stamp Reference

3087/01

Used in Years

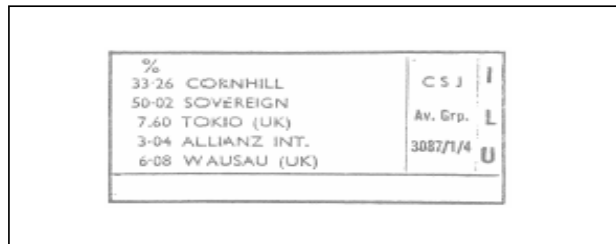
1990

The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	50.02%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	33.26%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	7.60%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	6.08%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	3.04%

The stamp appears on slips as :



ILU Stamp Reference 3088/01

Used in Years

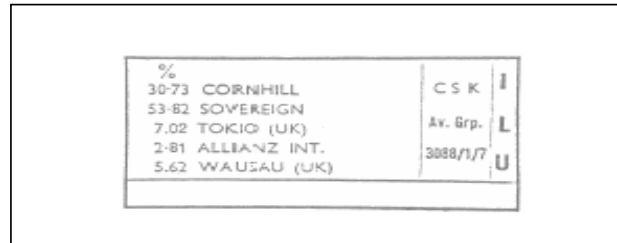
1990

The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	53.82%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	30.73%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	7.02%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	5.62%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	2.81%

The stamp appears on slips as :



ILU Stamp Reference 3089/01

Used in Years

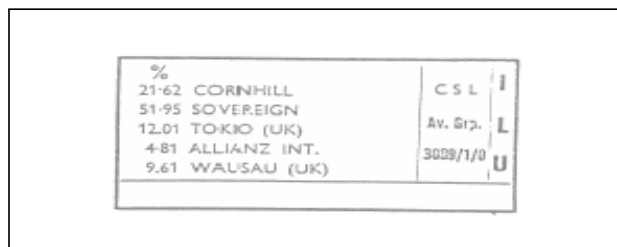
1990

The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	51.95%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	21.62%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	12.01%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	9.61%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	4.81%

The stamp appears on slips as :



ILU Stamp Reference 3185/01

Used in Years

1991

The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	37.12%
SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	36.39%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	18.80%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	4.27%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	3.42%

The stamp appears on slips as :

%		
27.12	CORNHILL	C S P
36.39	SOVEREIGN	Av. Grp.
18.80	TOKIO (UK)	L
3.42	ALLIANZ INT.	3185/1/5
4.27	WAUSAU (UK)	U

ILU Stamp Reference 3185/02

Used in Years

1991 - 92

The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	37.12%
SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	36.39%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	18.80%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	4.27%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	3.42%

The stamp appears on slips as :

%		
37.12	CORNHILL	C S P
36.39	SOVEREIGN	Av. Grp.
18.80	TOKIO (UK)	L
3.42	ALLIANZ CORNHILL	3185/2/6
4.27	WAUSAU (UK)	U

ILU Stamp Reference 3187/01

Used in Years

1991

The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	32.41%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	30.34%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	24.83%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	6.90%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.52%

The stamp appears on slips as :

%		C S R	
24.83	CORNHILL		
32.41	SOVEREIGN	Av. Grp.	
30.34	TOKIO (UK)		
5.52	ALLIANZ INT.	3187/1/1	
6.90	WAUSAU (UK)		

ILU Stamp Reference 3187/02

Used in Years

1991

The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	32.41%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	30.34%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	24.83%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	6.90%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.52%

The stamp appears on slips as :

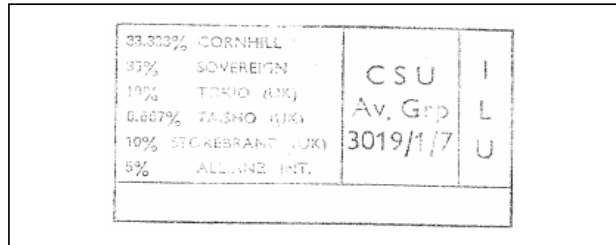
%		C S R	
24.83	CORNHILL		
32.41	SOVEREIGN	Av. Grp.	
30.34	TOKIO (UK)		
5.52	ALLIANZ CORNHILL	3187/2/2	
6.90	WAUSAU (UK)		

The stamp was used to write Aviation business by the WFUM agency.

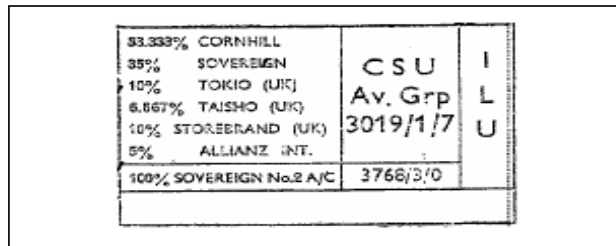
Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	35.000%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	33.333%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	10.000%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	10.000%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	6.667%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.000%

The stamp appears on slips as :



In some cases this stamp was included alongside other stamps in a composite stamp:

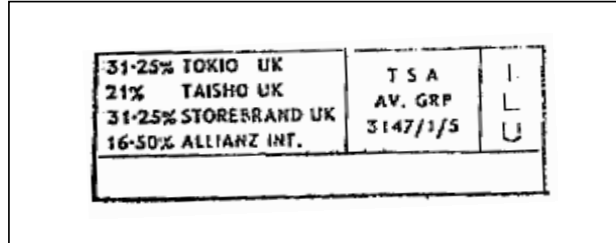


The stamp was used to write Aviation business by the WFUM agency.

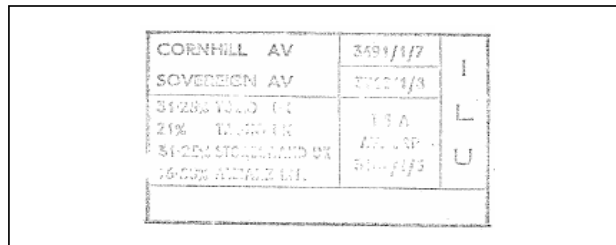
Companies on the stamp and their respective shares were:

OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	31.25%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	31.25%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	21.00%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	16.50%

The stamp appears on slips as :



In some cases this stamp was included alongside other stamps in a composite stamp:



The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	20.63%
SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	19.05%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	19.05%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	19.05%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	12.70%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	9.52%

The stamp appears on slips as :

20.63% CORNHILL	TCS Av. Grp 3174/173	I L U
19.05% SOVEREIGN		
19.05% TOKIO (UK)		
12.70% TAISHO (UK)		
19.05% STOREBRAND (UK)		
9.52% ALLIANZ INT.		

In some cases this stamp was included alongside other stamps in a composite stamp:

50.67%	{ 20.63 CORNHILL 19.05 SOVEREIGN 19.05 TOKIO (UK) 12.70 TAISHO (UK) 19.05 STOREBRAND (UK) 9.52 ALLIANZ INT.	TCS	I L U
		Av. Grp.	
		3174/173	
11.85%	CORNHILL No. 2	3691/2/8	
37.48%	SOVEREIGN No. 2	3768/3/0	

The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	47.77%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	32.05%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	4.66%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	4.66%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	4.66%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	3.10%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	3.10%

The stamp appears on slips as :

%			
32-05	CORNHILL	CSX	I
47-77	SOVEREIGN		
4-66	TOKIO (UK)	Av. Grp.	L
4-66	TAISHO (UK)		
3-10	STOREBRAND (UK)	3242/1/7	U
3-10	ALLIANZ INT.		
4-66	WAUSAU (UK)		

The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	41.77%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	33.98%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	17.21%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	3.91%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	3.13%

The stamp appears on slips as :

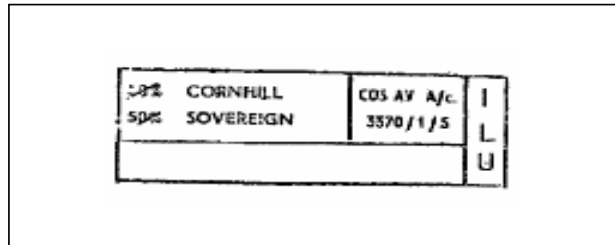
%			
33.98	CORNHILL	CSQ	I
41.77	SOVEREIGN	Av. Grp.	L
17.21	TOKIO (UK)		
3.13	ALLIANZ CORNHILL	3186/2/9	U
3.91	WAUSAU (UK)		

The stamp was used to write Aviation business by the WFUM agency.

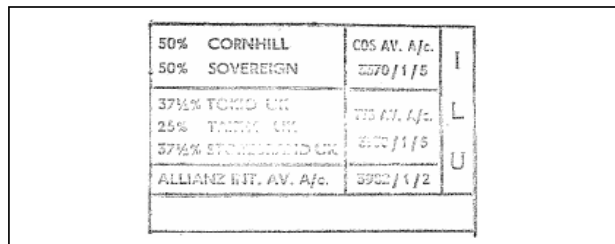
Companies on the stamp and their respective shares were:

ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	50.00%
SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	50.00%

The stamp appears on slips as :



In some cases this stamp was included alongside other stamps in a composite stamp:

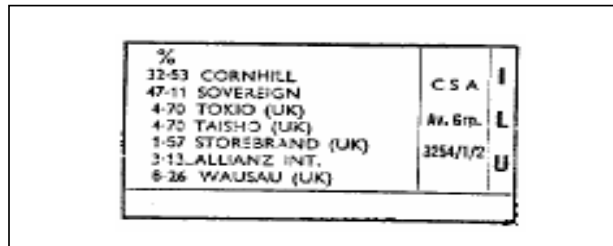


The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	47.11%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	32.53%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	6.26%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	4.70%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	4.70%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	3.13%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	1.57%

The stamp appears on slips as :

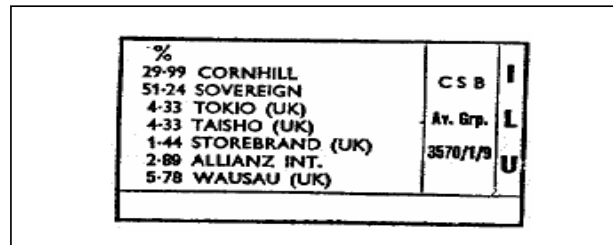


The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	51.24%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	29.99%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	5.78%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	4.33%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	4.33%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	2.89%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	1.44%

The stamp appears on slips as :



ILU Stamp Reference

3573/01

Used in Years

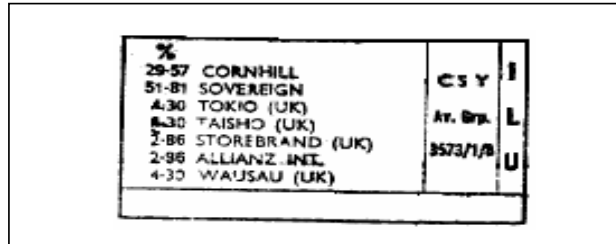
1987

The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	51.81%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	29.57%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	4.30%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	4.30%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	4.30%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	2.86%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	2.86%

The stamp appears on slips as :



ILU Stamp Reference

3629/01

Used in Years

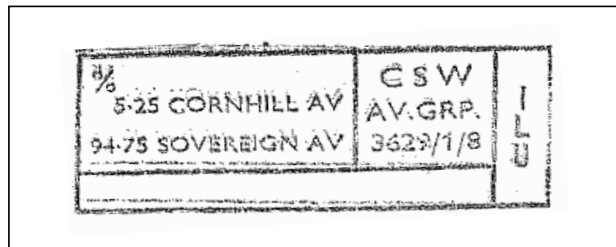
1988

The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	94.75%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	5.25%

The stamp appears on slips as :



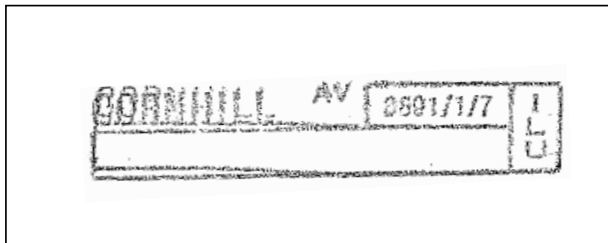
The stamp was used to write Aviation business by the WF&D & WFUM agencies.

Companies on the stamp and their respective shares were:

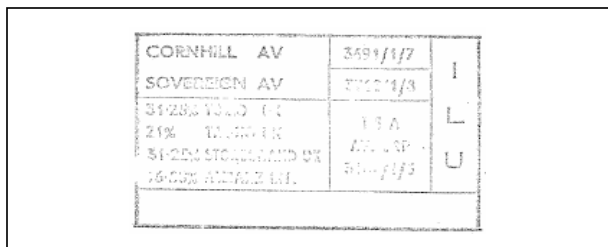
ALLIANZ CORNHILL INSURANCE PLC (**CORNHILL**)

100.00%

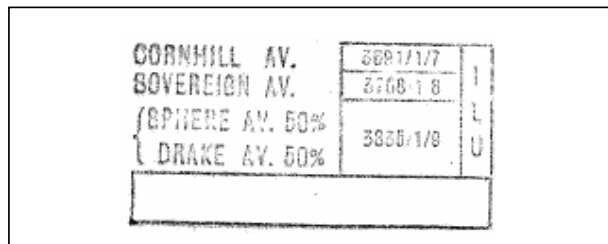
The stamp appears on slips as :



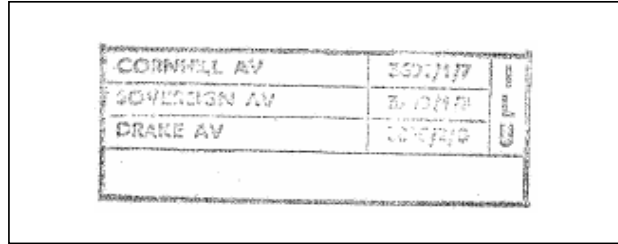
In some cases this stamp was included alongside other stamps in a composite stamp:



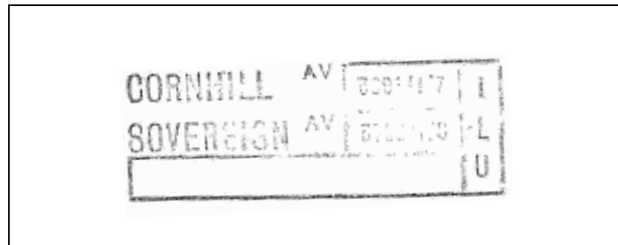
In some cases this stamp was included alongside other stamps in a composite stamp:



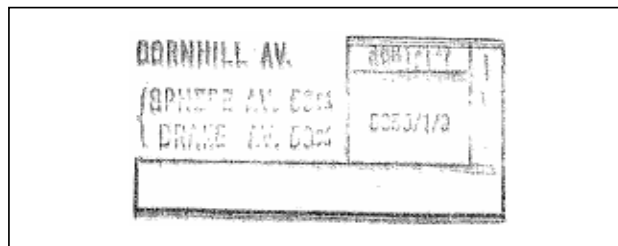
In some cases this stamp was included alongside other stamps in a composite stamp:



In some cases this stamp was included alongside other stamps in a composite stamp:



In some cases this stamp was included alongside other stamps in a composite stamp:



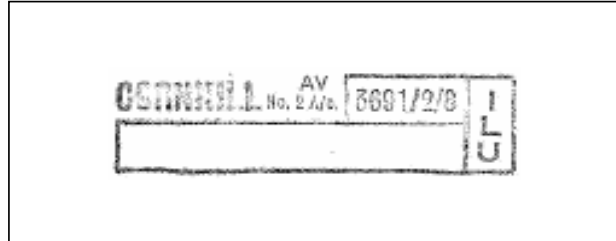
The stamp was used to write Aviation business by the WF&D & WFUM agencies.

Companies on the stamp and their respective shares were:

ALLIANZ CORNHILL INSURANCE PLC (**CORNHILL**)

100.00%

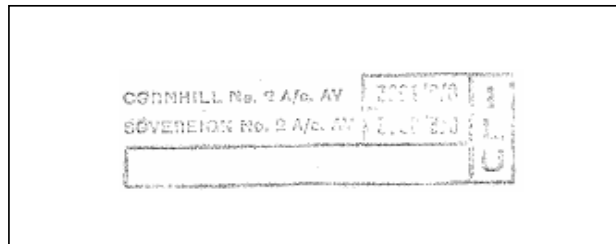
The stamp appears on slips as :



In some cases this stamp was included alongside other stamps in a composite stamp:

50-67%	%				
	20.83	CORNHILL	TCS	I	
	18.05	SOVEREIGN	Av. Grp.	L	
	18.05	TOKIO (UK)	3174/1/3	U	
	12.70	TAISHO (UK)			
	16.05	STOREBRAND (UK)			
	9.52	ALLIANZ INT.			
11.85%		CORNHILL No. 2	3691/2/0		
37.48%		SOVEREIGN No. 2	3768/3/0		

In some cases this stamp was included alongside other stamps in a composite stamp:



ILU Stamp Reference 3800/01

Used in Years

1965 - 68

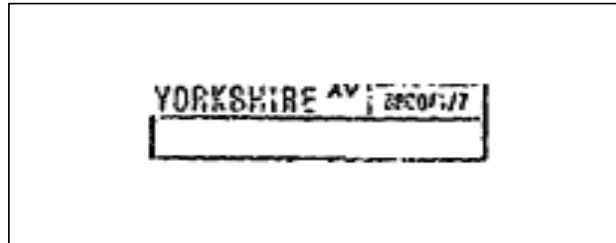
The stamp was used to write Aviation business by the WF&D agency.

Companies on the stamp and their respective shares were:

OCEAN MARINE INSURANCE COMPANY LIMITED (**YORKSHIRE**)

100.00%

The stamp appears on slips as :



ILU Stamp Reference 3800/02

Used in Years

1965 - 68

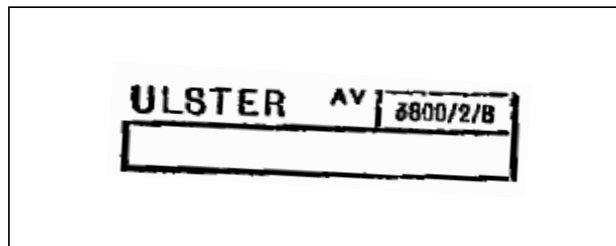
The stamp was used to write Aviation business by the WF&D agency.

Companies on the stamp and their respective shares were:

OCEAN MARINE INSURANCE COMPANY LIMITED (**ULSTER**)

100.00%

The stamp appears on slips as :

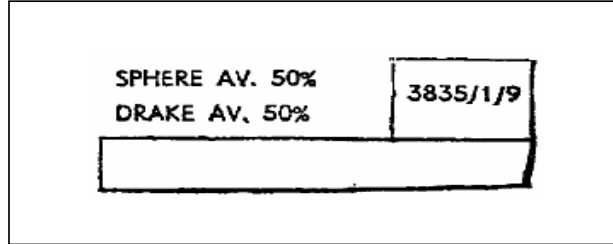


The stamp was used to write Aviation business by the WF&D & WFUM agencies.

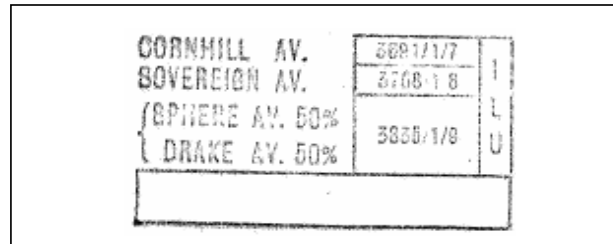
Companies on the stamp and their respective shares were:

SPHERE DRAKE INSURANCE LIMITED (SPHERE AV)	50.00%
SPHERE DRAKE INSURANCE LIMITED (DRAKE AV)	50.00%

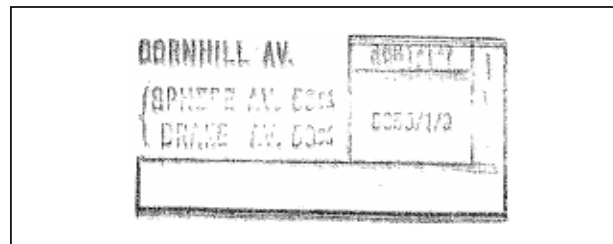
The stamp appears on slips as :



In some cases this stamp was included alongside other stamps in a composite stamp:



In some cases this stamp was included alongside other stamps in a composite stamp:



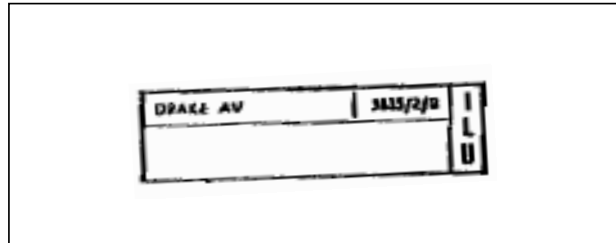
The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

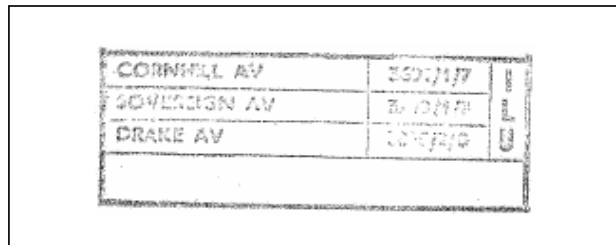
SPHERE DRAKE INSURANCE LIMITED (**DRAKE AV**)

100.00%

The stamp appears on slips as :



In some cases this stamp was included alongside other stamps in a composite stamp:

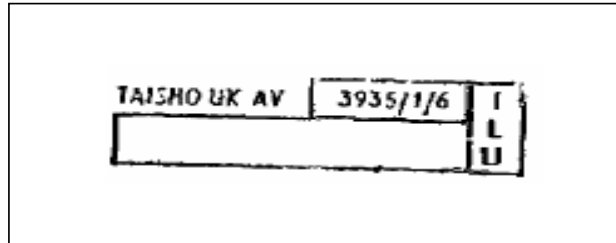


The stamp was used to write Aviation business by the WFUM agency.

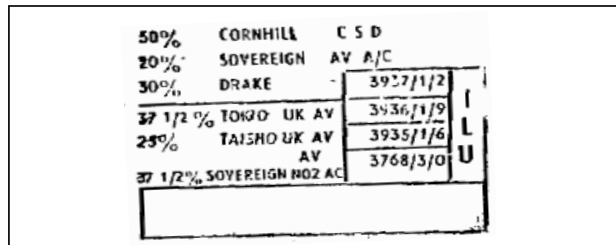
Companies on the stamp and their respective shares were:

MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.)) 100.00%

The stamp appears on slips as :



In some cases this stamp was included alongside other stamps in a composite stamp:



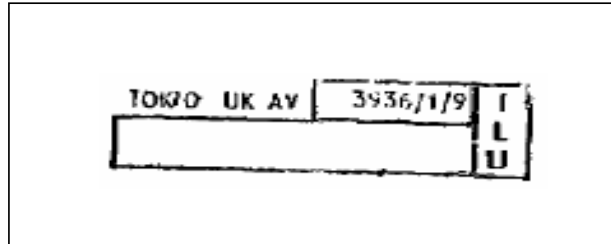
The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

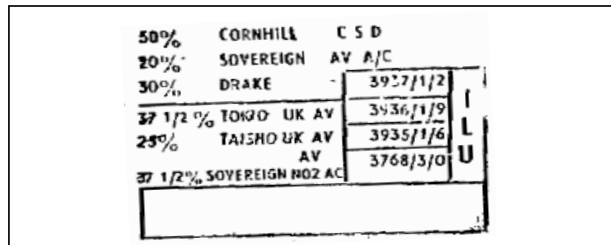
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))

100.00%

The stamp appears on slips as :



In some cases this stamp was included alongside other stamps in a composite stamp:

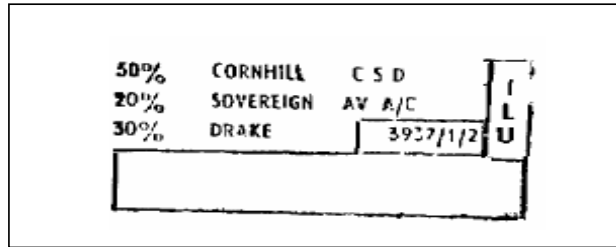


The stamp was used to write Aviation business by the WFUM agency.

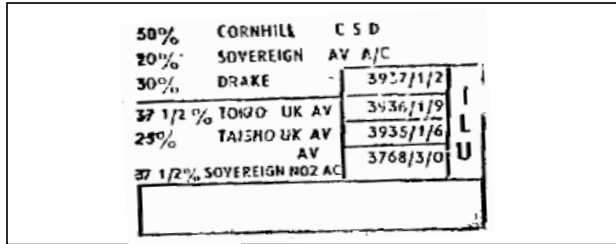
Companies on the stamp and their respective shares were:

ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	50.00%
SPHERE DRAKE INSURANCE LIMITED (DRAKE AV)	30.00%
SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	20.00%

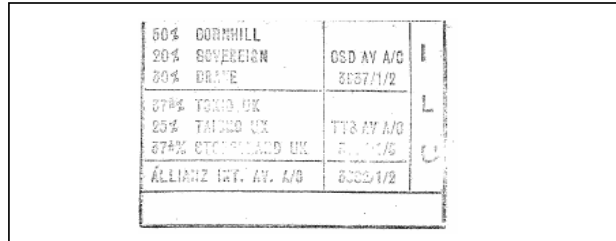
The stamp appears on slips as :



In some cases this stamp was included alongside other stamps in a composite stamp:



In some cases this stamp was included alongside other stamps in a composite stamp:

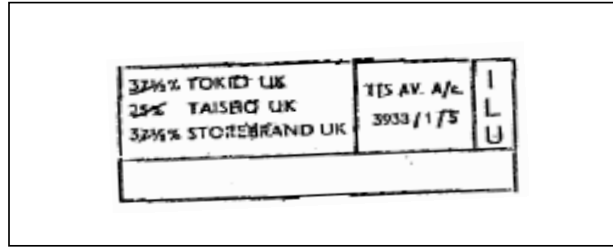


The stamp was used to write Aviation business by the WFUM agency.

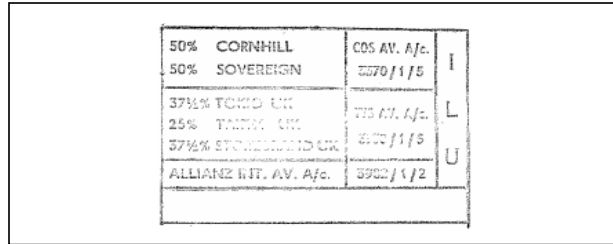
Companies on the stamp and their respective shares were:

OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	37.50%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	37.50%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	25.00%

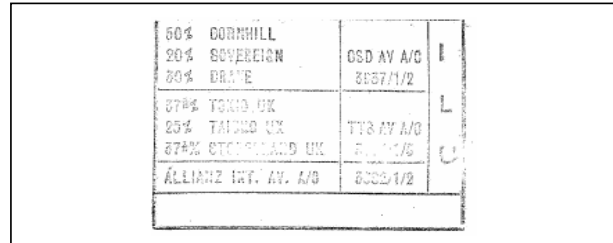
The stamp appears on slips as :



In some cases this stamp was included alongside other stamps in a composite stamp:



In some cases this stamp was included alongside other stamps in a composite stamp:



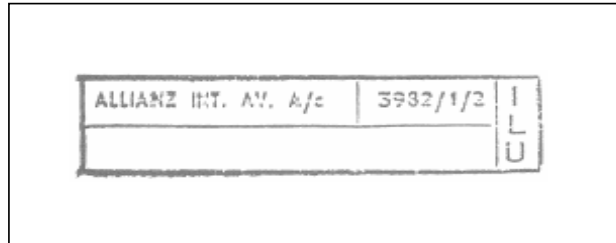
The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

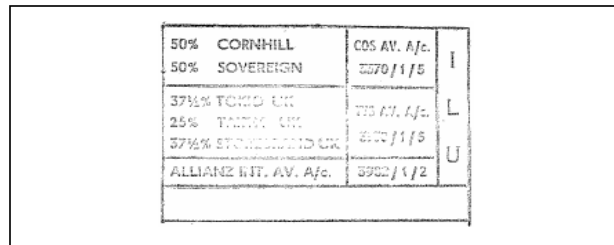
ALLIANZ CORNHILL INSURANCE PLC (**ALLIANZ INTERNATIONAL**)

100.00%

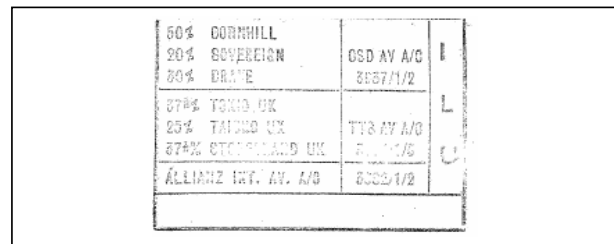
The stamp appears on slips as :



In some cases this stamp was included alongside other stamps in a composite stamp:



In some cases this stamp was included alongside other stamps in a composite stamp:



ILU Stamp Reference 3186/01

Used in Years

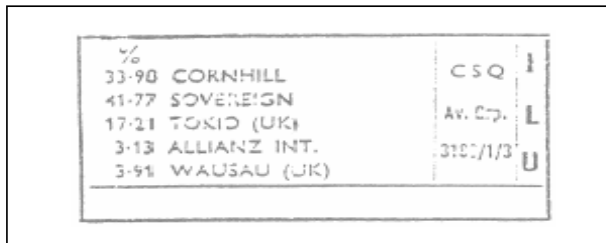
1991

The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	41.77%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	33.98%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	17.21%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	3.91%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	3.13%

The stamp appears on slips as :



ILU Stamp Reference 3934/01

Used between Years

1972 - 91

The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	100.00%
--	---------

The stamp appears on slips as :



Non-bureau stamp

Used between Years

1961 - 70

The stamp was used to write Aviation business by the WF&D & WFUM agencies.

Companies on the stamp and their respective shares were:

ALLIANZ CORNHILL INSURANCE PLC (**CORNHILL**)

100.00%

The stamp appears on slips as :



Non-bureau stamp

Used between Years

1952 - 91

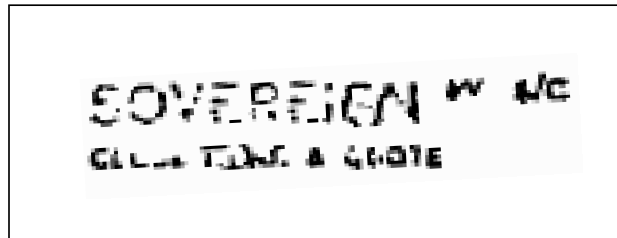
The stamp was used to write Aviation business by the WF&D & WFUM agencies.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**)

100.00%

The stamp appears on slips as :



Non-bureau stamp

Used in Years

1954 - 59

The stamp was used to write Aviation business by the WFUM agency.

Companies on the stamp and their respective shares were:

HIBERNIAN GENERAL INSURANCE LIMITED (**HIBERNIAN**)

100.00%

The stamp appears on slips as :

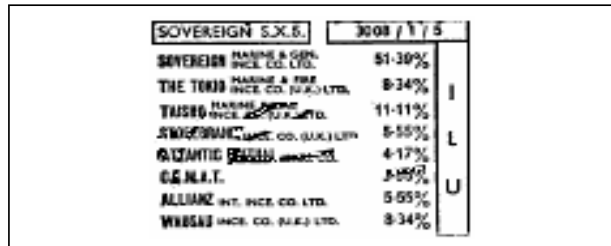


The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	51.39%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	11.11%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	8.34%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	8.34%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.55%
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	5.55%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	5.55%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.17%

The stamp appears on slips as :

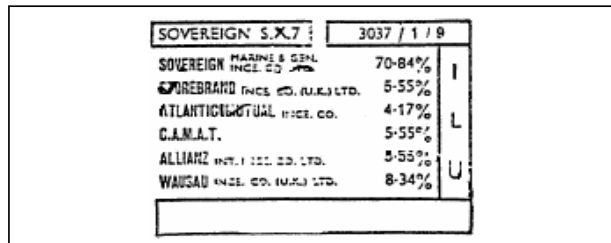


The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	70.84%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	8.34%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.55%
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	5.55%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	5.55%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.17%

The stamp appears on slips as :

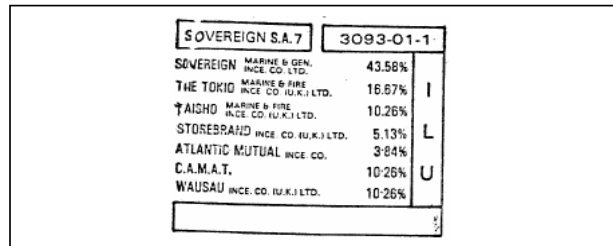


The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	43.58%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	16.67%
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	10.26%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	10.26%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	10.26%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	5.13%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	3.84%

The stamp appears on slips as :

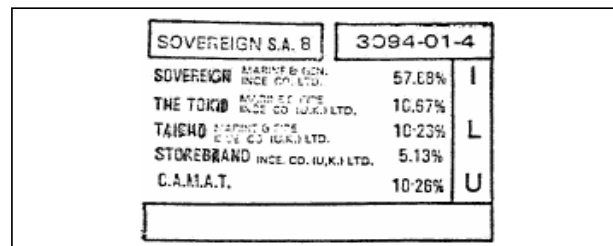


The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	57.68%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	16.67%
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	10.26%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	10.26%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	5.13%

The stamp appears on slips as :

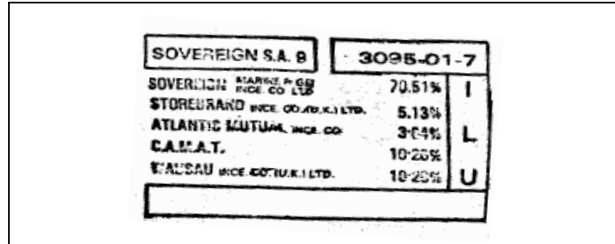


The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	70.51%	I
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	10.26%	
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	10.26%	
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	5.13%	
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	3.84%	

The stamp appears on slips as :

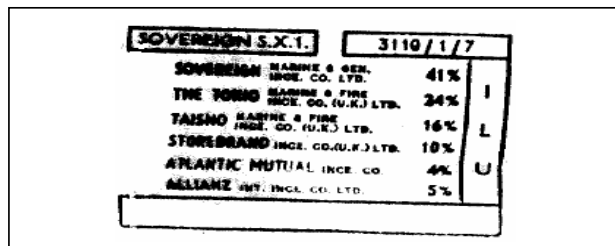


The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	41.00%	
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	24.00%	
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	16.00%	
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	10.00%	
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.00%	
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.00%	

The stamp appears on slips as :



The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	51.39%
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	11.11%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	11.11%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	11.11%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	8.34%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.17%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	2.77%

The stamp appears on slips as :

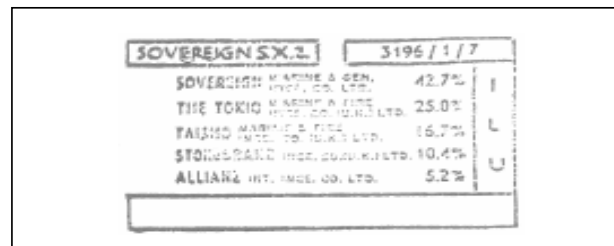


The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	42.70%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	25.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	16.70%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	10.40%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.20%

The stamp appears on slips as :



The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	62.50%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	11.11%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	11.11%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	8.34%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.17%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	2.77%

The stamp appears on slips as :

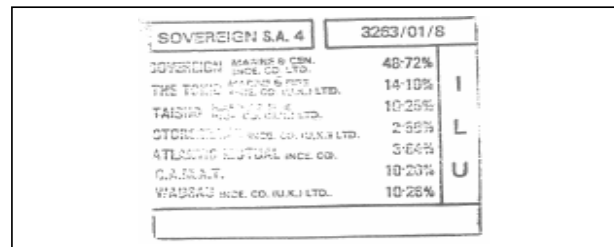


The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	48.72%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	14.10%
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	10.26%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	10.26%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	10.26%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	3.84%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	2.56%

The stamp appears on slips as :

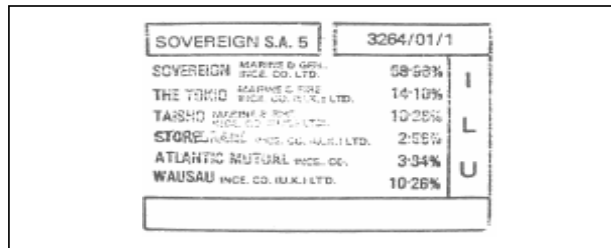


The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	58.98%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	14.10%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	10.26%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	10.26%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	3.84%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	2.56%

The stamp appears on slips as :

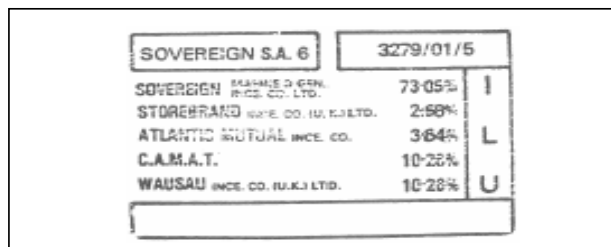


The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	73.08%
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	10.26%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	10.26%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	3.84%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	2.56%

The stamp appears on slips as :

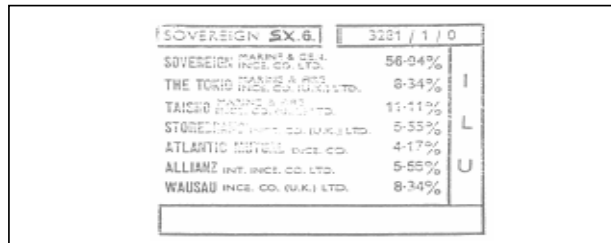


The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	56.94%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	11.11%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	8.34%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	8.34%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.55%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	5.55%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.17%

The stamp appears on slips as :

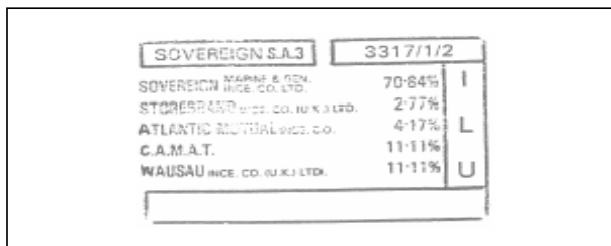


The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	70.84%
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	11.11%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	11.11%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.17%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	2.77%

The stamp appears on slips as :

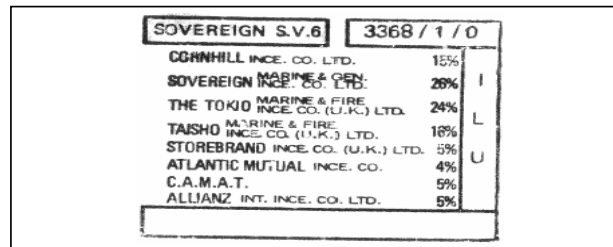


The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	26.00%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	24.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	16.00%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	15.00%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.00%
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	5.00%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	5.00%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.00%

The stamp appears on slips as :

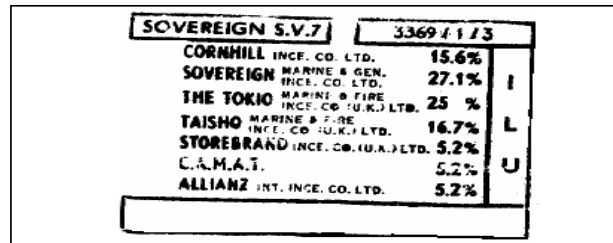


The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	27.10%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	25.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	16.70%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	15.60%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	5.20%
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	5.20%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.20%

The stamp appears on slips as :

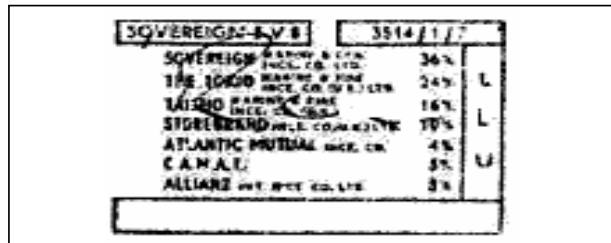


The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	36.00%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	24.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	16.00%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	10.00%
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	5.00%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.00%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.00%

The stamp appears on slips as :

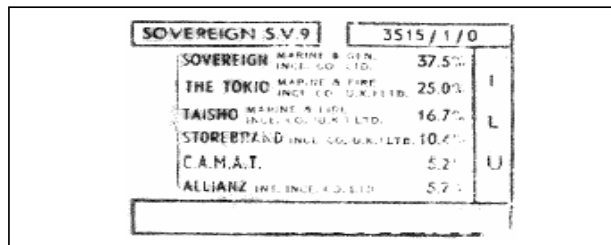


The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	37.50%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	25.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	16.70%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	10.40%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.20%
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	5.20%

The stamp appears on slips as :



ILU Stamp Reference 3532/01

Used between Years

1950 - 73

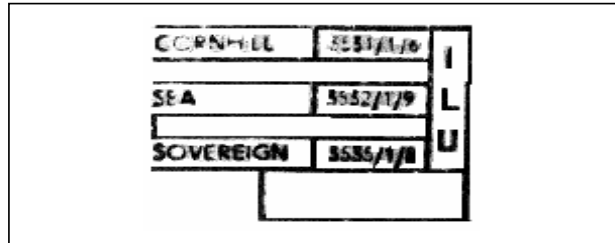
The stamp was used to write Marine business by the WF&D & WFUM agencies.

Companies on the stamp and their respective shares were:

THE SEA INSURANCE COMPANY LIMITED (**SEA**)

100.00%

The stamp appears on slips as :



ILU Stamp Reference 3534/01

Used in Years

1965

The stamp was used to write Marine business by the WF&D agency.

Companies on the stamp and their respective shares were:

OCEAN MARINE INSURANCE COMPANY LIMITED (**MERCHANTS MARINE**)

100.00%

The stamp appears on slips as :

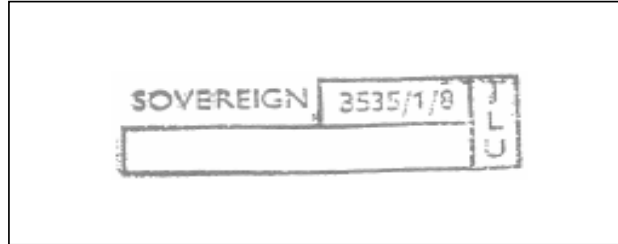


The stamp was used to write Marine business by the WF&D & WFUM agencies.

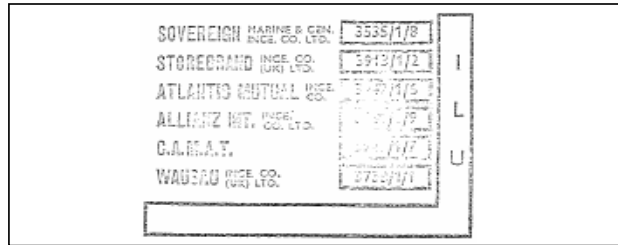
Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

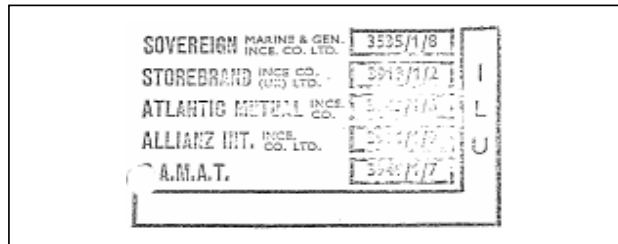
The stamp appears on slips as :



In some cases this stamp was included alongside other stamps in a composite stamp:



In some cases this stamp was included alongside other stamps in a composite stamp:



ILU Stamp Reference 3599/01

Used in Years

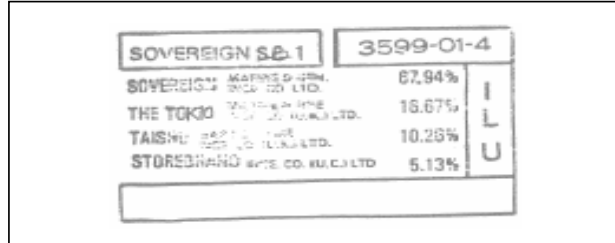
1990

The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	67.94%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	16.67%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	10.26%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	5.13%

The stamp appears on slips as :



ILU Stamp Reference 3600/01

Used in Years

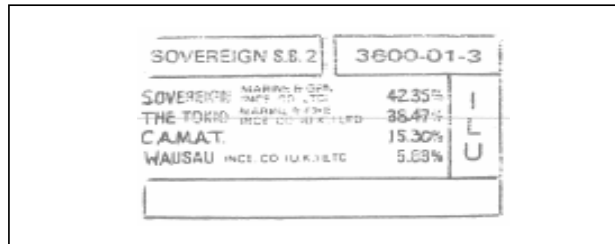
1991

The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	42.35%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	36.47%
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	15.30%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	5.88%

The stamp appears on slips as :



ILU Stamp Reference 3601/01

Used in Years

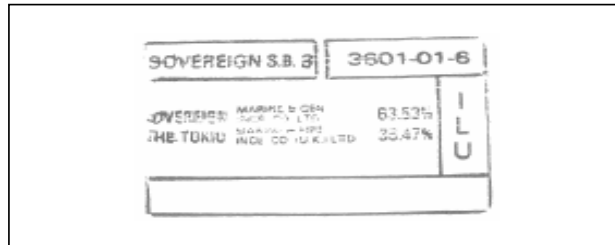
1991

The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	63.53%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	36.47%

The stamp appears on slips as :



ILU Stamp Reference 3602/01

Used in Years

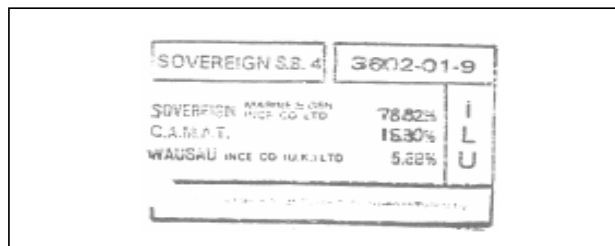
1991

The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	15.30%
SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	78.82%
WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	5.88%

The stamp appears on slips as :



ILU Stamp Reference 3707/01

Used between Years

1952 - 91

The stamp was used to write Marine business by the WF&D & WFUM agencies.

Companies on the stamp and their respective shares were:

ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	50.00%
OCEAN MARINE INSURANCE COMPANY LIMITED (MERCHANTS MARINE)	50.00%

The stamp appears on slips as :



ILU Stamp Reference 3706/01

Used between Years

1963 - 87

The stamp was used to write Marine business by the WF&D & WFUM agencies.

Companies on the stamp and their respective shares were:

THE SEA INSURANCE COMPANY LIMITED (SEA)	25.00%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	20.00%
THE STATE ASSURANCE COMPANY LTD (THE STATE)	10.00%
OCEAN MARINE INSURANCE COMPANY LIMITED (MERCHANTS MARINE)	20.00%
THE WESTERN ASSURANCE COMPANY (THE WESTERN)	20.00%
THE DOMINION INSURANCE COMPANY LTD (THE DOMINION)	5.00%

The stamp appears on slips as :



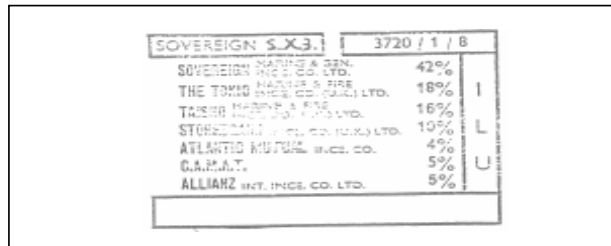
Note: The State Assurance Company Ltd, The Western Assurance Company Ltd & The Dominion Insurance Company Ltd are not included in the proposed WFUM Pools scheme.

The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	42.00%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	18.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	16.00%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	10.00%
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	5.00%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.00%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.00%

The stamp appears on slips as :

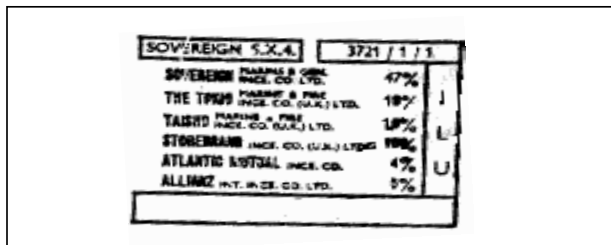


The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	47.00%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	18.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	16.00%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	10.00%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.00%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.00%

The stamp appears on slips as :



ILU Stamp Reference 3725/01

Used in Years

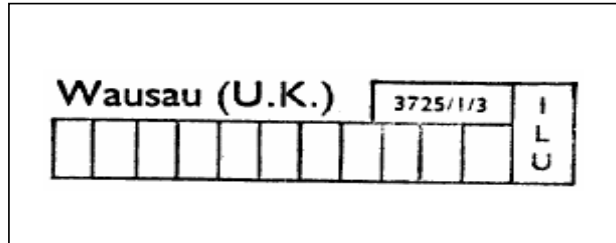
1984 - 85

The stamp was used to write Marine business by the WFUM agency.

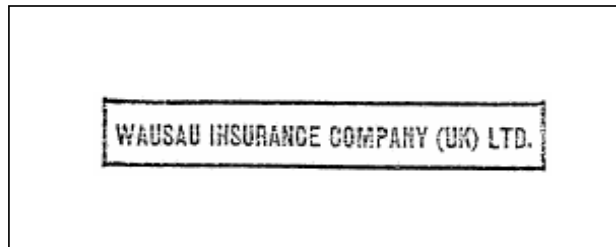
Companies on the stamp and their respective shares were:

WAUSAU INSURANCE COMPANY (U.K.) LIMITED (**WAUSAU (U.K.)**) 100.00%

The stamp appears on slips as :



The non-bureau equivalent is:



ILU Stamp Reference 3738/01

Used between Years

1972 - 91

The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

WAUSAU INSURANCE COMPANY (U.K.) LIMITED (**WAUSAU (U.K.)**) 100.00%

The stamp appears on slips as :



ILU Stamp Reference 3799/01

Used in Years

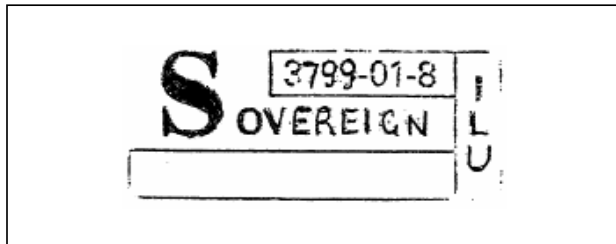
1991

The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (**SOVEREIGN**) 100.00%

The stamp appears on slips as :



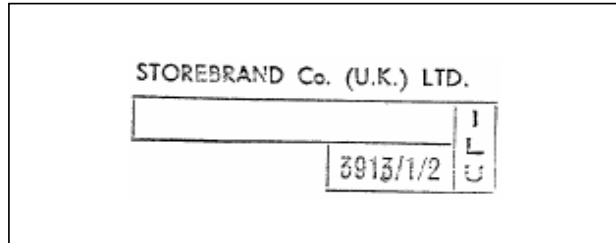
The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

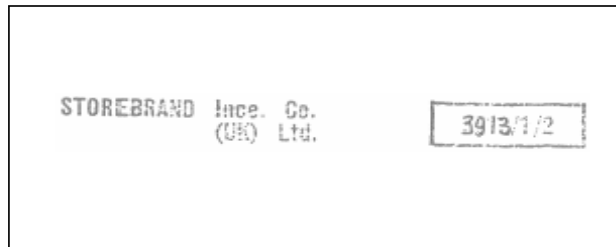
OSLO REINSURANCE COMPANY (UK) LIMITED (**STOREBRAND (U.K.)**)

100.00%

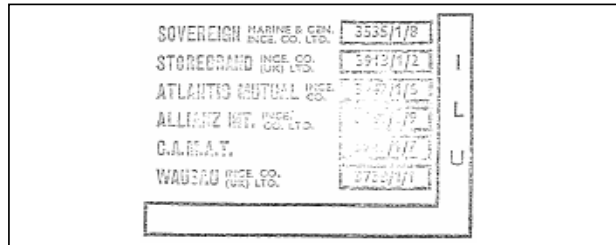
The stamp appears on slips as :



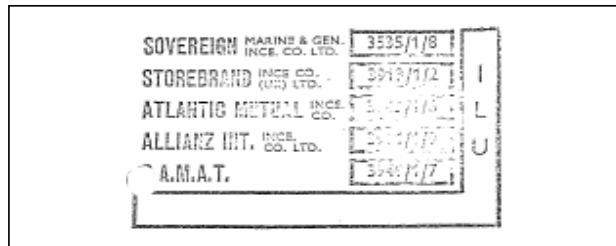
But may also appear as:



In some cases this stamp was included alongside other stamps in a composite stamp:



In some cases this stamp was included alongside other stamps in a composite stamp:



ILU Stamp Reference 3812/01

Used between Years

1952 - 72

The stamp was used to write Marine business by the WF&D & WFUM agencies.

Companies on the stamp and their respective shares were:

THE SEA INSURANCE COMPANY LIMITED (SEA)	25.00%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	20.00%
THE WESTERN ASSURANCE COMPANY (THE WESTERN)	20.00%
SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	20.00%
THE STATE ASSURANCE COMPANY LTD (THE STATE)	10.00%
THE DOMINION INSURANCE COMPANY LTD (THE DOMINION)	5.00%

The stamp appears on slips as :



Note: The State Assurance Company Ltd, The Western Assurance Company Ltd & The Dominion Insurance Company Ltd are not included in the proposed WFUM Pools scheme.

ILU Stamp Reference 3924/01

Used in Years

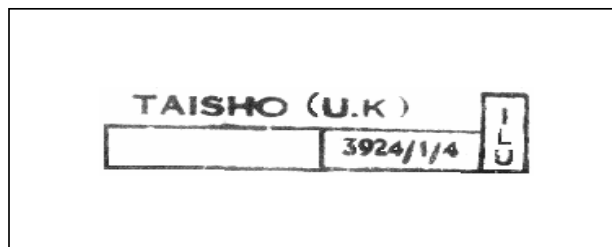
1976 - 90

The stamp was used to write Marine business by the WFUM agency.

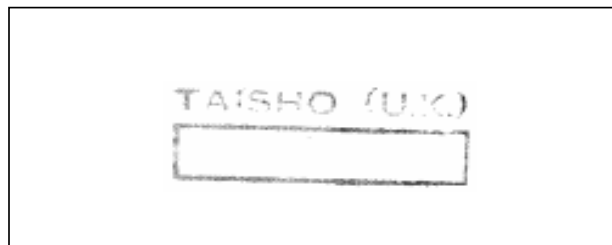
Companies on the stamp and their respective shares were:

MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	100.00%
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The stamp appears on slips as :



The non-bureau equivalent is:



ILU Stamp Reference 3925/01

Used between Years

1972 - 91

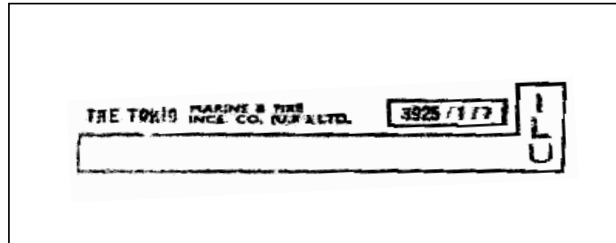
The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

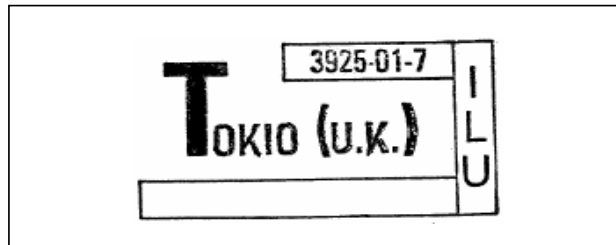
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))

100.00%

The stamp appears on slips as :



But may also appear as:



ILU Stamp Reference 3931/01

Used in Years

1974

The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	37.00%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	21.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	14.00%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	13.00%
THE SEA INSURANCE COMPANY LIMITED (SEA)	5.00%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.00%
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	3.00%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	3.00%

The stamp appears on slips as :



ILU Stamp Reference 3924/02

Used between Years

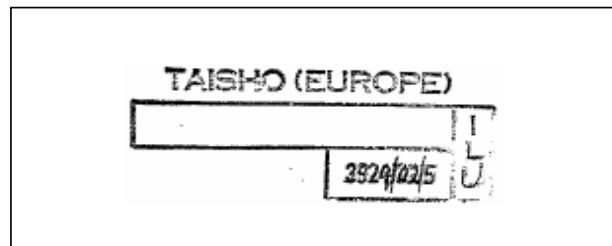
1973

The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	100.00%
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The stamp appears on slips as :

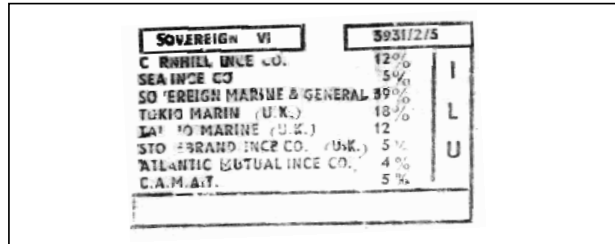


The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	39.00%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	18.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	12.00%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	12.00%
THE SEA INSURANCE COMPANY LIMITED (SEA)	5.00%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.00%
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	5.00%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	5.00%

The stamp appears on slips as :

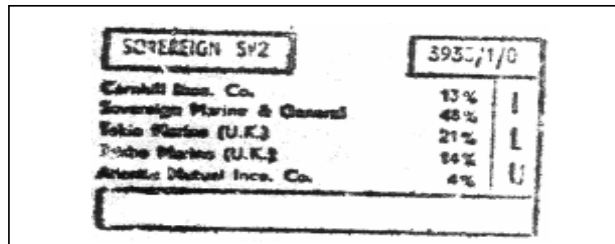


The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	48.00%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	21.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	14.00%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	13.00%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.00%

The stamp appears on slips as :



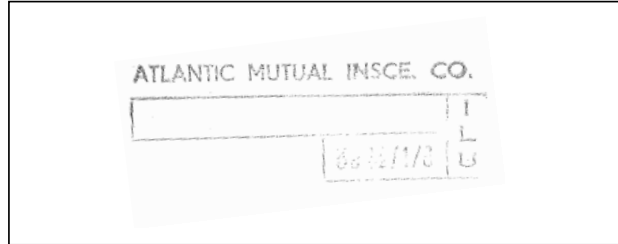
The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)

100.00%

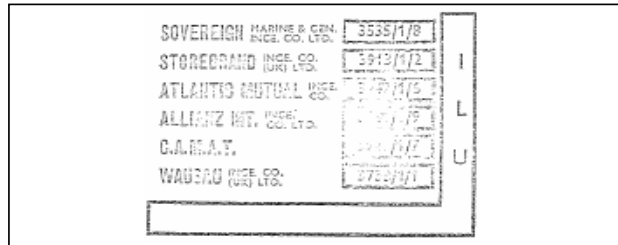
The stamp appears on slips as :



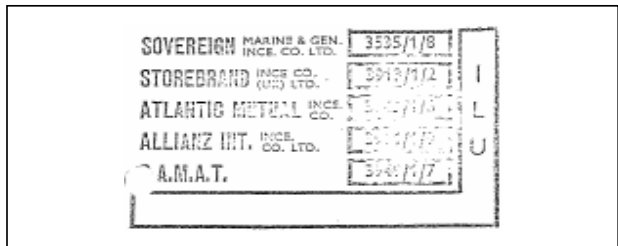
But may also appear as:



In some cases this stamp was included alongside other stamps in a composite stamp:



In some cases this stamp was included alongside other stamps in a composite stamp:



The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

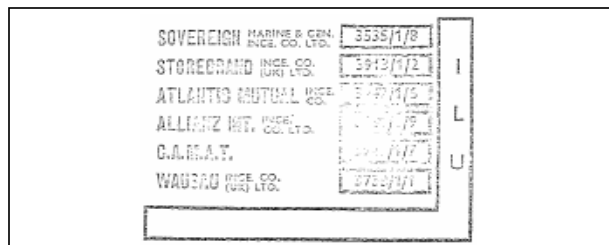
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)

100.00%

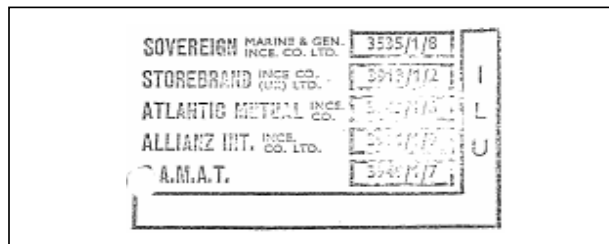
The stamp appears on slips as :



In some cases this stamp was included alongside other stamps in a composite stamp:



In some cases this stamp was included alongside other stamps in a composite stamp:



ILU Stamp Reference 3957/01

Used in Years

1974

The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	50.00%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	21.88%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	13.54%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	14.58%

The stamp appears on slips as :



ILU Stamp Reference 3957/02

Used in Years

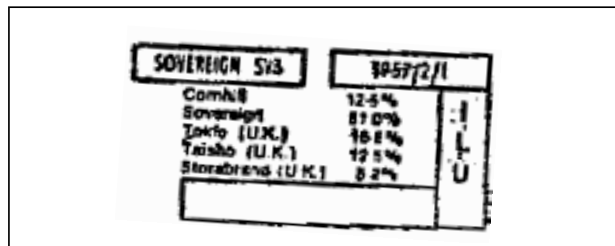
1975

The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	51.00%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	18.80%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	12.50%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	12.50%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	5.20%

The stamp appears on slips as :



The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

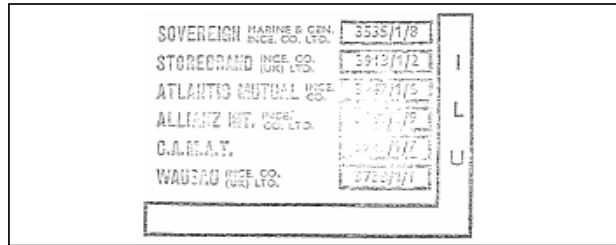
ALLIANZ CORNHILL INSURANCE PLC (**ALLIANZ INTERNATIONAL**)

100.00%

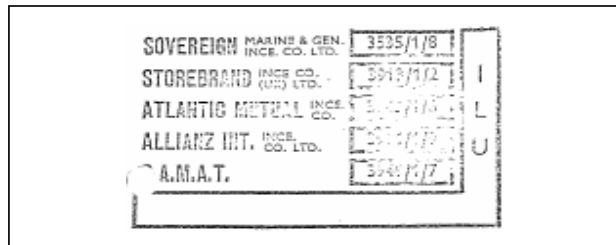
The stamp appears on slips as :



In some cases this stamp was included alongside other stamps in a composite stamp:



In some cases this stamp was included alongside other stamps in a composite stamp:



The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	48.00%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	15.00%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	12.00%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	8.00%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.00%
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	5.00%
ATLANTIC MUTUAL INSURANCE COMPANY (ATLANTIC MUTUAL)	4.00%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	3.00%

The stamp appears on slips as :

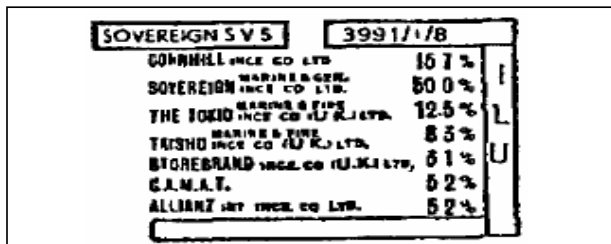


The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SOVEREIGN)	50.00%
ALLIANZ CORNHILL INSURANCE PLC (CORNHILL)	15.70%
TOKIO MARINE EUROPE INSURANCE LIMITED (TOKIO (U.K.))	12.50%
MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED (TAISHO (U.K.))	8.30%
ALLIANZ CORNHILL INSURANCE PLC (ALLIANZ INTERNATIONAL)	5.20%
ALLIANZ MARINE & AVIATION (FRANCE) (C.A.M.A.T.)	5.20%
OSLO REINSURANCE COMPANY (UK) LIMITED (STOREBRAND (U.K.))	3.10%

The stamp appears on slips as :



ILU Stamp Reference 3942/02/07

Used between Years

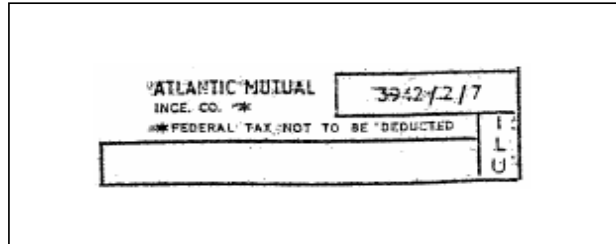
1975 - 81

The stamp was used to write Marine business by the WFUM agency.

Companies on the stamp and their respective shares were:

ATLANTIC MUTUAL INSURANCE COMPANY (**ATLANTIC MUTUAL**) 100.00%

The stamp appears on slips as :



ILU Stamp Reference 3536/01

Used between Years

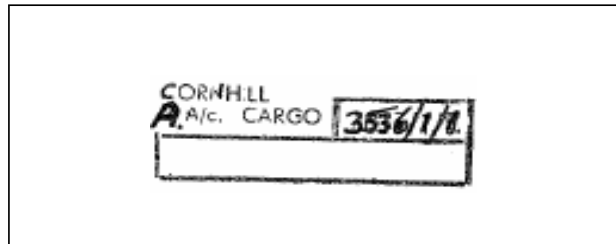
1948 - 84

The stamp was used to write Marine business by the WF&D & WFUM agencies.

Companies on the stamp and their respective shares were:

ALLIANZ CORNHILL INSURANCE PLC (**CORNHILL**) 100.00%

The stamp appears on slips as :



ILU Stamp Reference 4445/01

Used between Years

1970 - 90

The stamp was used to write Marine business by the WF&D & WFUM agencies.

Companies on the stamp and their respective shares were:

MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED **(TAISHO (U.K.))** 100.00%

The stamp appears on slips as :



ILU Stamp Reference 4446/01

Used in Years

1971 - 72

The stamp was used to write Marine business by the WF&D agency.

Companies on the stamp and their respective shares were:

MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED **(TAISHO (U.K.))** 50.00%
TOKIO MARINE EUROPE INSURANCE LIMITED **(TOKIO (U.K.))** 50.00%

The stamp appears on slips as :



Non-bureau stamp

Used between Years

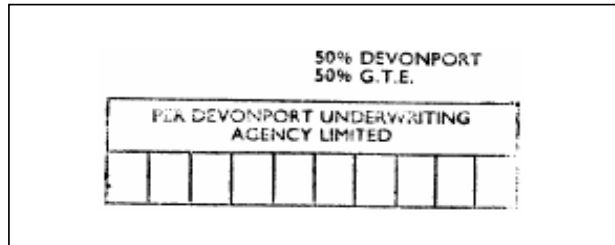
1972 - 91

The stamp was used to write Marine business by the DUAL agency.

Companies on the stamp and their respective shares were:

SOVEREIGN INSURANCE (UK) LIMITED (DEVONPORT)	50.00%
GREYFRIARS INSURANCE COMPANY LIMITED (G.T.E.)	50.00%

The stamp appears on slips as :



Non-bureau stamp

Used between Years

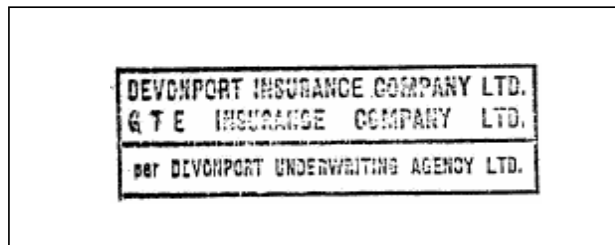
1984 - 85

The stamp was used to write Marine business by the DUAL agency.

Companies on the stamp and their respective shares were:

SOVEREIGN INSURANCE (UK) LIMITED (DEVONPORT)	50.00%
GREYFRIARS INSURANCE COMPANY LIMITED (G.T.E.)	50.00%

The stamp appears on slips as :



Non-bureau stamp

Used in Years

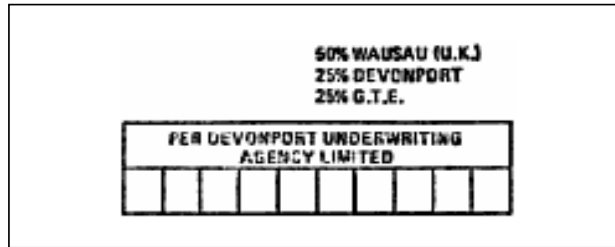
1984 - 85

The stamp was used to write Marine business by the DUAL agency.

Companies on the stamp and their respective shares were:

WAUSAU INSURANCE COMPANY (U.K.) LIMITED (WAUSAU (U.K.))	50.00%
SOVEREIGN INSURANCE (UK) LIMITED (DEVONPORT)	25.00%
GREYFRIARS INSURANCE COMPANY LIMITED (G.T.E.)	25.00%

The stamp appears on slips as :



Non-bureau stamp

Used in Years

1976 - 81

The stamp was used to write business on behalf of Bimeh Iran Insurance Company (UK) Limited by Lennox Underwriting Agencies Limited.

Companies on the stamp and their respective shares were:

SOVEREIGN MARINE & GENERAL INS CO LTD (BIMEH IRAN (U.K.))	100.00%
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The stamp appears on slips as :

