

**CHADBOURNE & PARKE LLP**

Attorneys for Petitioner,  
as foreign representative of the Petitioning Companies  
30 Rockefeller Plaza  
New York, New York 10112  
(212) 408-5119  
Howard Seife (HS 7995)  
Francisco Vazquez (FV 1244)

**ALLEN & OVERY LLP**

Attorneys for Petitioner,  
as foreign representative of Greyfriars and Sovereign UK  
1221 Avenue of the Americas  
New York, New York 10020  
(212) 610-6300  
Ken Coleman (KC 9720)  
Stephen Doody (SD 9768)

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----	x	
In re	:	
Petition of PRO Insurance Solutions Limited, as foreign representative of GREYFRIARS INSURANCE COMPANY LIMITED	:	In a Case Under Chapter 15 of the Bankruptcy Code
	:	
Debtor in a Foreign Proceeding.	:	Case No. 07-B- _____
-----	x	

-----	x	
In re	:	
Petition of PRO Insurance Solutions Limited, as foreign representative of SOVEREIGN INSURANCE (UK) LIMITED	:	In a Case Under Chapter 15 of the Bankruptcy Code
	:	
Debtor in a Foreign Proceeding.	:	Case No. 07-B- _____
-----	x	

----- X  
In re :  
Petition of PRO Insurance Solutions Limited, as : In a Case Under Chapter 15  
foreign representative of ALLIANZ INSURANCE : of the Bankruptcy Code  
PLC :  
Debtor in a Foreign Proceeding. : Case No. 07-B-\_\_\_\_\_  
----- X

----- X  
In re :  
Petition of PRO Insurance Solutions Limited, as : In a Case Under Chapter 15  
foreign representative of HEDDINGTON : of the Bankruptcy Code  
INSURANCE (U.K.) LIMITED :  
Debtor in a Foreign Proceeding. : Case No. 07-B-\_\_\_\_\_  
----- X

----- X  
In re :  
Petition of PRO Insurance Solutions Limited, as : In a Case Under Chapter 15  
foreign representative of MITSUI SUMITOMO : of the Bankruptcy Code  
INSURANCE COMPANY (EUROPE), LIMITED :  
Debtor in a Foreign Proceeding. : Case No. 07-B-\_\_\_\_\_  
----- X

----- X  
In re :  
Petition of PRO Insurance Solutions Limited, as : In a Case Under Chapter 15  
foreign representative of THE OCEAN MARINE : of the Bankruptcy Code  
INSURANCE COMPANY LIMITED :  
Debtor in a Foreign Proceeding. : Case No. 07-B-\_\_\_\_\_  
----- X

----- X  
 In re :  
 Petition of PRO Insurance Solutions Limited, as : In a Case Under Chapter 15  
 foreign representative of OSLO REINSURANCE : of the Bankruptcy Code  
 COMPANY (UK) LIMITED :  
 Debtor in a Foreign Proceeding. : Case No. 07-B-\_\_\_\_\_  
 ----- X

----- X  
 In re :  
 Petition of PRO Insurance Solutions Limited, as : In a Case Under Chapter 15  
 foreign representative of THE SEA INSURANCE : of the Bankruptcy Code  
 COMPANY LIMITED :  
 Debtor in a Foreign Proceeding. : Case No. 07-B-\_\_\_\_\_  
 ----- X

----- X  
 In re :  
 Petition of PRO Insurance Solutions Limited, as : In a Case Under Chapter 15  
 foreign representative of TOKIO MARINE EUROPE : of the Bankruptcy Code  
 INSURANCE LIMITED :  
 Debtor in a Foreign Proceeding. : Case No. 07-B-\_\_\_\_\_  
 ----- X

----- X  
 In re :  
 Petition of PRO Insurance Solutions Limited, as : In a Case Under Chapter 15  
 foreign representative of WAUSAU INSURANCE : of the Bankruptcy Code  
 COMPANY (U.K.) LIMITED :  
 Debtor in a Foreign Proceeding. : Case No. 07-B-\_\_\_\_\_  
 ----- X

----- X  
 In re :  
 Petition of PRO Insurance Solutions Limited, as : In a Case Under Chapter 15  
 foreign representative of ALLIANZ GLOBAL : of the Bankruptcy Code  
 CORPORATE & SPECIALTY (FRANCE) :  
 Debtor in a Foreign Proceeding. : Case No. 07-B-\_\_\_\_\_  
 ----- X

**VERIFIED PETITION UNDER CHAPTER 15  
 OF THE BANKRUPTCY CODE FOR RECOGNITION  
 OF FOREIGN PROCEEDINGS, FOR A  
PERMANENT INJUNCTION, AND RELATED RELIEF**

PRO Insurance Solutions Limited (the "Petitioner"), as the duly authorized foreign representative, as defined in section 101(24) of title 11 of the United States Code (the "Bankruptcy Code") of Greyfriars Insurance Company Limited ("Greyfriars"), Sovereign Insurance (UK) Limited ("Sovereign UK"), Allianz Insurance plc ("Allianz plc"), Heddington Insurance (U.K.) Limited ("Heddington"), Mitsui Sumitomo Insurance Company (Europe), Limited ("Mitsui"), The Ocean Marine Insurance Company Limited ("Ocean Marine"), Oslo Reinsurance Company (UK) Limited ("Oslo"), The Sea Insurance Company Limited ("Sea Insurance"), Tokio Marine Europe Insurance Limited ("Tokio Marine"), Wausau Insurance Company (U.K.) Limited ("Wausau"), and Allianz Global Corporate & Specialty (France) ("Allianz Global") (together, the "Petitioning Companies"),<sup>1</sup> by its United States counsel, Chadbourne & Parke LLP, as counsel to the Petitioner as the foreign representative of each of

---

<sup>1</sup> Greyfriars, Sovereign UK, Allianz plc, Heddington, Mitsui, Ocean Marine, Oslo, Sea Insurance, Tokio Marine and Wausau (but not Allianz Global) are collectively referred to herein as the "UK Petitioning Companies." All capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the scheme of arrangement contained in the Scheme Document, a copy of which is annexed hereto as Exhibit "A."

the Petitioning Companies and Allen & Overy LLP, as counsel to the Petitioner as the foreign representative of Greyfriars and Sovereign UK, files this verified petition pursuant to the Bankruptcy Code in furtherance of the Official Form Petitions (the "Petitions") filed contemporaneously herewith pursuant to sections 1504 and 1515 of the Bankruptcy Code commencing cases under Chapter 15 seeking recognition of foreign proceedings, and requesting a permanent injunction and related relief. With respect to the UK Petitioning Companies, the Petitioner seeks recognition of foreign main proceedings.<sup>2</sup> With respect to Allianz Global, the Petitioner seeks recognition of a foreign nonmain proceeding.<sup>3</sup> In support thereof, the Petitioner respectfully represents as follows:

---

<sup>2</sup> The Petitioner seeks recognition and relief respecting a foreign main proceeding, as defined in section 1502(4) of the Bankruptcy Code, with respect to each of the proceedings before the High Court of Justice of England and Wales (the "High Court") in England in connection with the schemes of arrangement proposed by the UK Petitioning Companies. Each of those foreign proceedings are before the High Court in England and the center of each of the UK Petitioning Companies' main interest is in England. Nevertheless, should this Court determine that any of those proceedings are not foreign main proceedings, the Petitioner respectfully requests that the Court entertain the Petition of any such UK Petitioning Company as one for recognition of, and relief respecting, a foreign nonmain proceeding, as defined in section 1502(5) of the Bankruptcy Code. Each of the UK Petitioning Companies has a place of operations in England where it carries out nontransitory economic activity and, therefore, each of the UK Petitioning Companies has an establishment, as defined in section 1502(2) of the Bankruptcy Code, in England. This assertion is not intended as, nor should it be construed or interpreted as, an admission for any purpose or proceeding, other than for satisfying the requirement of having an "establishment," as defined in section 1502(2) of the Bankruptcy Code.

<sup>3</sup> By seeking recognition of a foreign nonmain proceeding with respect to Allianz Global, the Petitioner asserts that Allianz Global has a place of operations in England where it carries out nontransitory economic activity. This assertion is not intended as, nor should it be construed or interpreted as, an admission for any purpose or proceeding, other than for satisfying the requirement of having an "establishment," as defined in section 1502(2) of the Bankruptcy Code.

## **PRELIMINARY STATEMENT**

1. The Petitioner, as foreign representative of the Petitioning Companies, has commenced these Chapter 15 cases by filing the Petitions contemporaneously with, and accompanied by, all certifications, statements, lists and documents required under Chapter 15 and the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"). As set forth below, and in (i) the Declaration of William Nigel James Montgomery, UK legal counsel to the Scheme Companies dated September 18, 2007 (the "Montgomery Declaration") and (ii) the Statements of Foreign Representatives as required by section 1515(c) of the Bankruptcy Code accompanying the Petitions:

- (a) a foreign proceeding respecting each of the Petitioning Companies was duly commenced in England;
- (b) the UK Petitioning Companies' registered offices and places of incorporation are in England;
- (c) Allianz Global carries out nontransitory economic activity in England;
- (d) the Petitioner is duly authorized to serve as a foreign representative, as defined by section 101(24) of the Bankruptcy Code, and to petition for relief under Chapter 15 for each of the Petitioning Companies; and
- (e) the Petitioner is entitled to the relief requested.

2. The Petitioning Companies together with certain other insurance companies<sup>4</sup> (collectively, the "Scheme Companies") underwrote insurance and reinsurance business in pooling arrangements (collectively, the "WFUM Pools") through Willis Faber (Underwriting Management) Limited ("WFUM"), Willis Faber & Dumas Limited ("WF&D"), and/or Devonport Underwriting Agency Limited ("DUAL").<sup>5</sup> The WFUM Pools underwrote risks until the end of 1991, when they ceased accepting new business and went into run-off. In 1998, the Petitioner, a run-off specialist, assumed the administration of the WFUM Pools.

3. When insurance companies or, as in this instance, insurance pools, enter into run-off, they cease writing new business and seek to determine, settle and pay all liquidated claims of their insureds either as they arise, or, if possible, before they arise. Typically, a run-off of an insurance pool will take 20 or more years to complete. In this instance, the WFUM Pools have been in run-off for approximately 16 years. The Petitioner estimates that in the ordinary course, it would take at least another 20 years to complete the run-off of the WFUM Pools. With Sovereign Marine, the company with by far the largest individual share (approximately 50%) of the WFUM Pools' estimated remaining liabilities, now wishing to

---

<sup>4</sup> The other companies are Sovereign Marine & General Insurance Company Limited ("Sovereign Marine"), Atlantic Mutual Insurance Company ("Atlantic Mutual"), Continental Reinsurance Corporation International Limited ("Continental"), Hibernian General Insurance Limited ("Hibernian"), and Sphere Drake Insurance Limited ("Sphere Drake"). As discussed in greater detail below, (i) Sovereign Marine is seeking to modify the Sovereign Marine Order (as defined below) to give full force and effect to and implement its Scheme in the United States under section 304 of the Bankruptcy Code and (ii) Atlantic Mutual, Continental, Hibernian, and Sphere Drake are not seeking recognition of their respective Schemes under section 304 or Chapter 15 of the Bankruptcy Code at this time.

<sup>5</sup> An "insurance pool" refers to a syndicate or association of insurance or reinsurance companies organized to underwrite particular risks. Each member of the pool shares in premiums, losses and expenses according to a predetermined agreement.

close its run-off, the Petitioning Companies have concluded that it would be appropriate and administratively beneficial to promote their own Schemes (as defined below) at the same time as Sovereign Marine so as to bring finality to the WFUM Pools and terminate the WFUM Pools Business (as defined below) in a unified and coordinated manner.

4. Accordingly, to shorten the time period for the run-off of the WFUM Pools, to reduce administrative costs and to terminate the WFUM Pools Business in a unified and coordinated manner, the Scheme Companies have each proposed a "cut off" scheme of arrangement under English law (each, a "Scheme" and collectively, the "Schemes"). There is a separate Scheme for each Scheme Company, albeit all set out in one document. Other than Sovereign Marine, all of the Scheme Companies are solvent, and the Petitioning Companies anticipate that all claims addressed by the Schemes of the Petitioning Companies will be paid in full in an estimated amount, subject to a time-value discount, in accordance with the Schemes.

5. By order dated June 27, 2006 (the "Convening Order"), a copy of which is annexed hereto as Exhibit "B," the High Court granted leave to the Scheme Companies to convene meetings of Scheme Creditors for the purpose of considering and, if thought fit, approving the Schemes (the "Meetings"). In addition, the High Court declared, affirmed and certified that the Petitioner is the foreign representative of the proceeding concerning each of the Schemes of the Petitioning Companies for the purpose of filing petitions for recognition of their Schemes, and for additional relief under Chapter 15 of the Bankruptcy Code.



6. In accordance with the Convening Order, Meetings for each of the Petitioning Companies were held on October 27, 2006.<sup>6</sup> During the Meetings, the requisite majorities of each class of Scheme Creditors of each of the Petitioning Companies voted in favor of the Schemes. Accordingly, the Petitioning Companies submitted their Schemes to the High Court for sanction.<sup>7</sup> The High Court sanctioned the Petitioning Companies' Schemes by orders dated September 17, 2007 (the "Sanction Orders"), copies of which shall be filed under separate cover. Upon delivery of the Sanction Orders to the Registrar of Companies in England and Wales, the Petitioning Companies' Schemes would become effective, and thereby binding on all Scheme Creditors wherever located. By the Petitions, the Petitioner, as the foreign representative of the Petitioning Companies, seeks an order of this Court recognizing the Petitioning Companies' Schemes, along with a permanent injunction and other relief, pursuant to Chapter 15 of the Bankruptcy Code. The order, substantially in the form of the proposed Order Granting Recognition of Foreign Proceedings, a Permanent Injunction and Related Relief (the "Proposed Order"), a copy of which is annexed hereto as Exhibit "C," is necessary to

---

<sup>6</sup> In accordance with the Convening Order, each of the Petitioning Companies (other than Greyfriars and Sovereign UK) convened two separate Meetings to vote on their respective Schemes -- one for Scheme Creditors in relation to their Scheme Claims other than Incurred But Not Reported ("IBNR") claims and one for Scheme Creditors in relation to IBNR claims. In accordance with the Convening Order, Greyfriars and Sovereign UK each convened a single Meeting to vote on their respective Schemes.

<sup>7</sup> The Meetings of Hibernian and Sphere Drake were adjourned prior to Scheme Creditors voting on those Schemes. Accordingly, those Schemes have not been submitted to the High Court for sanction. The Schemes of Sovereign Marine, Atlantic Mutual and Continental have been approved by the requisite majorities of their Scheme Creditors and sanctioned by the High Court.

ensure the effective implementation of the Petitioning Companies' Schemes in the United States.<sup>8</sup>

7. The Petitions satisfy all of the requirements set forth in section 1515 of the Bankruptcy Code. Moreover, given that the relief requested herein is necessary to give effect to the Petitioning Companies' Schemes in the United States,<sup>9</sup> the relief requested is appropriate under Chapter 15 of the Bankruptcy Code. Granting recognition to the Petitioning Companies' Schemes and the relief requested is consistent with the goals of international cooperation and providing assistance to foreign courts, embodied in Chapter 15 of the Bankruptcy Code. Further, the relief requested is consistent with the relief afforded by the Court in other ancillary proceedings involving foreign insurance companies, both under former section 304 and now under Chapter 15 of the Bankruptcy Code.<sup>10</sup>

---

<sup>8</sup> Unlike the Petitioning Companies, insolvent Sovereign Marine is already the subject of a scheme of arrangement (i.e., the Original Sovereign Scheme) and is a foreign debtor in an ancillary proceeding in the United States. By order dated December 30, 1999 (the "Sovereign Marine Order"), which remains in full force and effect, the United States Bankruptcy Court for the Southern District of New York granted recognition to the Original Sovereign Scheme in the United States. In order to ensure that all Scheme Creditors of Sovereign Marine are bound by the terms of Sovereign Marine's Scheme, which amends the Original Sovereign Scheme, Sovereign Marine will request that the Sovereign Marine Order be modified to give full force and effect to and implement its Scheme in the United States under section 304 of the Bankruptcy Code. Such application will be made in Sovereign Marine's section 304 proceeding pending before the Honorable James M. Peck, United States Bankruptcy Judge, under case no. 97-44652.

<sup>9</sup> As used herein, "United States" is defined to include the fifty states, and all U.S. territories and possessions.

<sup>10</sup> On April 20, 2005, the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (the "Act") was enacted. The Act contains a number of amendments to the Bankruptcy Code, including new Chapter 15. Chapter 15 replaces section 304 and applies to ancillary cases, such as these, filed on or after October 17, 2005.

## **JURISDICTION AND VENUE**

8. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334 and 157 and the "Standing Order of Referral of Cases to Bankruptcy Judges" of the United States District Court for the Southern District of New York (Ward, Acting C.J.), dated July 10, 1984. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P).

9. Venue is properly located in this District pursuant to 28 U.S.C. § 1410.

## **BACKGROUND OF THE SCHEME COMPANIES**

### **A. Greyfriars Insurance Company Limited**

10. Greyfriars, a subsidiary of Sovereign Marine, was incorporated in England on March 30, 1981 under the name of Torchlynn Limited, which was changed to GTE Insurance Company Limited on June 21, 1982, and to its present name on August 31, 1987. The address of Greyfriars' registered office is 1-2 Dorset Rise, London, EC4Y 8EN, United Kingdom.

### **B. Sovereign Insurance (UK) Limited**

11. Sovereign UK, a subsidiary of Sovereign Marine, was incorporated in England on March 1, 1982 under the name of Elmford Limited, which was changed to Devonport Insurance Company Limited on June 18, 1982, and to its present name on December 18, 1986. The address of Sovereign UK's registered office is 1-2 Dorset Rise, London, EC4Y 8EN, United Kingdom.

### **C. Allianz Insurance plc**

12. Allianz plc was incorporated in England on May 19, 1905 under the name of The Cornhill Insurance Company, Limited, which was changed to Cornhill Insurance Company, Limited on June 19, 1935. On June 3, 1981, it re-registered as a public limited

company and changed its name to Cornhill Insurance Public Limited Company, which was changed to Allianz Cornhill Insurance plc on January 10, 2003, and to its present name on April 30, 2007. The address of Allianz plc's registered office is 57 Ladymead, Guildford, Surrey, GU1 1DB, United Kingdom.

**D. Heddington Insurance (U.K.) Limited**

13. Heddington was incorporated in England on February 11, 1977 under the name of Fifth Shelf Trading Company Limited, which was changed first to Texaco Pembroke Limited on September 20, 1977, then to Xotcoe Limited on December 9, 1977, and finally to its present name on March 11, 1980. The address of Heddington's registered office is 1 Westferry Circus, Canary Wharf, London, E14 4HA, United Kingdom.

**E. Mitsui Sumitomo Insurance Company (Europe), Limited**

14. Mitsui was incorporated in England on July 28, 1972 under the name of Taisho Marine & Fire Insurance Company (U.K.) Limited, which was changed first to Taisho Marine & Fire Insurance Company (Europe) Limited on January 1, 1990, then to Mitsui Marine and Fire Insurance Co., (Europe) Ltd. on April 1, 1996, and finally to its present name on October 1, 2001. The address of Mitsui's registered office is 6th Floor New London House, 6 London Street, London, EC3R 7LP, United Kingdom.

**F. The Ocean Marine Insurance Company Limited**

15. Ocean Marine was incorporated in England on July 31, 1888. The address of Ocean Marine's registered office is St Helen's, 1 Undershaft, London, EC3P 3DQ, United Kingdom.

**G. Oslo Reinsurance Company (UK) Limited**

16. Oslo was incorporated in England on January 14, 1972 under the name of Storebrand Insurance Company (U.K.) Limited, which was changed to UNI Storebrand Insurance Company (UK) Limited on December 31, 1991, and to its present name on May 17, 1995. The address of Oslo's registered office is c/o CMGL Ibex House, 42-47 Minories, London, EC3N 1HN, United Kingdom.

**H. The Sea Insurance Company Limited**

17. Sea Insurance was incorporated in England on December 30, 1875 under the name of Sea Insurance Company Limited, which was changed to its present name on May 11, 1949. The address of Sea Insurance's registered office is St Mark's Court, Chart Way, Horsham, West Sussex, RH12 1XL, United Kingdom.

**I. Tokio Marine Europe Insurance Limited**

18. Tokio Marine was incorporated in England on September 15, 1970 under the name of The Tokio Marine & Fire Insurance Company (U.K.) Limited, which was changed to its present name on June 17, 2002. The address of Tokio Marine's registered office is 150 Leadenhall Street, London, EC3V 4TE, United Kingdom.

**J. Wausau Insurance Company (U.K.) Limited**

19. Wausau was incorporated in England on October 23, 1975 under the name of Skyline (Insurance Brokers) Limited, which was changed to Employers of Wausau Insurance Company (U.K.) Limited on September 29, 1976, and to its present name on June 22, 1982. The address of Wausau's registered office is 12 Plumtree Court, London EC4A 4HT, United Kingdom.

**K. Allianz Global Corporate & Specialty (France)**

20. Allianz Global was incorporated in France on May 4, 1955 under the name of Compagnie d'Assurances Maritimes Aeriennes et Terrestre, which was changed first to AGF Marine Aviation Transport on April 21, 1998, then to Allianz Marine & Aviation (France) on July 1, 2002, and finally to its present name on July 17, 2006. Allianz Global is an "EEA insurer" within the meaning of the Insurers (Reorganisation and Winding Up) Regulations 2004 authorized by its home state regulator, and is therefore permitted to write insurance business in the United Kingdom. The address of Allianz Global's registered office is 23 Rue Notre-Dame des Victoires, 75002, Paris, France.

21. All of the Scheme Companies conducted insurance business in the London market for a number of years. In particular, all of the Scheme Companies' WFUM Pools business included in the Schemes (the "WFUM Pools Business") was underwritten through the WFUM Pools in London and administered at different times by WFUM and/or WF&D, and, ultimately, the Petitioner in England.

**THE WFUM POOLS**

22. The Scheme Companies are all insurance companies that formerly underwrote insurance and reinsurance contracts in pooling arrangements through WFUM, DUAL and/or WF&D, all of which were formerly administered by WFUM. The WFUM Pools ceased underwriting business in 1991 and are in run-off. From 1991 to 1998, WFUM continued to manage the run-off of the WFUM Pools. In 1998, the administration of the WFUM Pools was transferred to the Petitioner.

23. In 1997, Sovereign Marine, the company with by far the largest individual share (approximately 50%) of the WFUM Pools estimated remaining liabilities, became insolvent. Sovereign Marine is subject to the Original Sovereign Scheme, which became effective in January 2000. Pursuant to the Original Sovereign Scheme, Sovereign Marine continues to run off its liabilities and pay creditors a percentage of Established Scheme Liabilities (as defined in the Original Sovereign Scheme). The current Payment Percentage under the Original Sovereign Scheme is 40%.

24. The majority of Sovereign Marine's recoverable assets have now been collected or secured. The Scheme Administrators of Sovereign Marine, supported by the Creditors' Committee of Sovereign Marine, have determined that it is no longer cost-effective or in the best interests of Sovereign Marine's creditors to continue Sovereign Marine's run-off under the Original Sovereign Scheme. Accordingly, the Scheme Administrators of Sovereign Marine have proposed a closing scheme of arrangement so as to value Sovereign Marine's remaining Liabilities so that its assets can be distributed to its Scheme Creditors and its estate closed.

The relationship among the Scheme Companies is interwoven and complex.<sup>11</sup> Moreover, the WFUM Pools Business is intertwined given the obligations to pay claims under the policies issued, the fronting and reinsurance arrangements between the Scheme Companies

---

<sup>11</sup> Indeed, two of the Petitioning Companies -- Greyfriars and Sovereign UK -- are subsidiaries of Sovereign Marine. The closure of Sovereign Marine's run-off necessitates a closing scheme of arrangement, such as the Schemes, for Greyfriars and Sovereign UK.

and the WFUM Pools' reinsurers.<sup>12</sup> Accordingly, the run-off of the WFUM Pools Business has to date been conducted on a unified basis.<sup>13</sup> With Sovereign Marine now wishing to close its run-off, the Petitioning Companies have concluded that it would be appropriate and administratively beneficial to the Petitioning Companies and their Scheme Creditors to promote their own Schemes with respect to their WFUM Pools Business at the same time as Sovereign Marine so as to bring finality to the WFUM Pools and terminate the WFUM Pools Business in a unified and coordinated manner.<sup>14</sup>

### **THE SCHEMES**

25. The WFUM Pools have been in run-off since 1991. The Petitioner estimates that in the ordinary course, it would take at least another 20 years to complete the run-off of the

---

<sup>12</sup> By way of example, a feature of WFUM Pools is that they wrote business on many different "stamps," each representing a different distribution of the various Scheme Companies' percentage participations. The number and composition of the underwriting stamps would change by line of business on a yearly basis. Some stamps would show the name of a single Scheme Company which was "fronting" for other Scheme Companies (i.e., its involvement on that stamp is either wholly or partly reinsured by other Scheme Companies). The Scheme Companies wrote business on a total of not fewer than 196 different stamps. A typical stamp would involve more than one Scheme Company, underwriting in different shares.

<sup>13</sup> Currently, as claims are administered and paid on a unified basis, the split between the Petitioning Companies on any particular stamp is generally of little or no concern to the policyholder. A Scheme Creditor will present a claim to "the WFUM Pools" and will not be concerned with the split, which is simply an internal matter to be administered by the Petitioner, as the run-off manager of the WFUM Pools.

<sup>14</sup> Notwithstanding that the Meetings of Hibernian and Sphere Drake have been adjourned, given that Hibernian and Sphere Drake have a very limited involvement in the WFUM Pools (collectively, less than 2% of the known WFUM Pools policies), the WFUM Pools continue to be run-off in a substantially unified manner. Accordingly, over 98% of the WFUM Pools liabilities will be addressed by the Schemes. If the run-off of the WFUM Pools is further fragmented, Scheme Creditors, policyholders, reinsurers, the Petitioning Companies, Sovereign Marine, Continental, and Atlantic Mutual would suffer harms occasioned by such fragmentation, including duplication (if not, multiplication) of effort and increased costs. If, on the other hand, the WFUM Pools and their run-off remain unified, claims handling and reinsurance collection will remain cohesive and costs will be minimized and shared between the Scheme Companies whose Schemes ultimately become effective.



WFUM Pools given that certain risks, by their nature, will not materialize, be known, be reported and be processed for some time. The payment of claims would be correspondingly slow. To shorten the time period for the run-off of the WFUM Pools, to reduce administrative costs and to terminate the WFUM Pools Business in a unified and coordinated manner, the Petitioning Companies formulated their Schemes pursuant to section 425 of the Companies Act 1985 of Great Britain (the "Companies Act") with the aim of:

- (a) enabling the Petitioning Companies and their Scheme Creditors to terminate all their WFUM Pools involvements with each other simultaneously;
- (b) providing a mechanism for fairly valuing the Scheme Creditors' Scheme Claims including outstanding claims and IBNR claims; and
- (c) resulting in the values of Scheme Claims being paid in full (subject to a time-value discount).

26. The Liabilities that will be subject to the Schemes are fully defined in Appendix A to the Schemes. In general, the Schemes will apply to the Agency Liabilities and Other Liabilities of the Scheme Companies. "Agency Liabilities" generally refers to liabilities arising from business written through and/or managed by WFUM, WF&D and/or DUAL on behalf of the Scheme Companies. "Other Liabilities" generally refers to all liabilities of Sovereign Marine not barred by the Original Sovereign Scheme and all liabilities of Sovereign UK and Greyfriars, which are not Agency Liabilities or otherwise excluded from the Schemes.<sup>15</sup>

---

<sup>15</sup> Agency Liabilities and Other Liabilities do not include (i) liabilities with respect to fees, costs and expenses (including any tax thereon) for services or advice, payable to service providers, excluding brokers, but including, without limitation, lawyers and loss adjusters, unless they are Liabilities

(Cont'd on following page)

27. Each of the Schemes is an "estimation" or "cut off" scheme. The purpose of the Schemes is to terminate the run-off of the WFUM Pools and Scheme Claims by estimating the value of all Scheme Claims as of December 31, 2005 (the "Ascertainment Date") and making full and final payments to Scheme Creditors based on such valuations.

28. Under the Companies Act, a scheme of arrangement is a compromise or arrangement between a company and its creditors or any class of creditors to restructure their rights and liabilities. It may be used to permit an orderly wind-up of all, or a portion of, a company's business. Pursuant to the Companies Act, a scheme of arrangement can only become effective and legally binding when (i) a majority in number representing not less than 75% in value of each class of creditors present and voting in person or by proxy, vote in favor of the scheme of arrangement at a meeting or meetings specially convened with leave of the High Court; (ii) the High Court subsequently issues an order sanctioning the scheme of arrangement; and (iii) an office copy of that order is delivered for registration to the registrar of companies in England and Wales.

29. In this instance, the requisite majorities of each class of Scheme Creditors of the Petitioning Companies have voted in favor of the Petitioning Companies' Schemes. On September 17, 2007, the High Court sanctioned the Petitioning Companies' Schemes.

---

(Cont'd from preceding page)

incurred by Sovereign Marine before October 15, 1999, the date of the Original Sovereign Scheme, or Liabilities of Sovereign UK and Greyfriars; and (ii) except with respect to Sovereign Marine, 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. To the best of their knowledge and following due inquiry, the directors of Sovereign UK and Greyfriars do not believe that either company has any liabilities in respect of such insurance.

## **PROVISIONS FOR FIXING CLAIMS UNDER THE SCHEME**

30. The Petitioning Companies designed their Schemes to terminate the run-off of their WFUM Pools Business earlier than would be the case if Scheme Claims were left to mature in the normal course, and to make distributions to Scheme Creditors in an orderly and efficient fashion. Given their financial status, the Petitioning Companies anticipate that all Scheme Claims against the Petitioning Companies will be paid in full (at an estimated amount and subject to a time-value discount) pursuant to the terms of their Schemes.

31. The Schemes establish a method by which the unliquidated Scheme Claims are to be estimated. As a consequence, the remaining unascertained liabilities of the Petitioning Companies' WFUM Pools Business will be crystallized at an earlier stage than would be possible if the run-off of the Petitioning Companies' WFUM Pools Business were to continue its normal course, which will enable creditors to receive payment in full of the estimated value of their Scheme Claims (subject to a time-value discount) at an earlier date than would otherwise be the case. The Petitioner, as the foreign representative of the Petitioning Companies, believes that the Petitioning Companies' Schemes will be the quickest and most economical method of making payment on account of Scheme Claims against the Petitioning Companies in full (at an estimated amount and subject to a time-value discount, in accordance with the Schemes) to creditors in the shortest time practicable.

32. By their terms, the Schemes only apply to Scheme Creditors and Scheme Claims. Pursuant to the Schemes, each Scheme Company will appoint a Scheme Adviser, which will be either KPMG LLP or PricewaterhouseCoopers LLP, as set forth in Appendix I of the Scheme. The Scheme Advisers will provide advice to the Scheme Companies in order to facilitate the implementation of the Schemes. In addition, the Scheme Companies will appoint

the Scheme Manager, who will manage and conduct the Scheme Companies' business and affairs as they relate to the Schemes. The Petitioner will be the first Scheme Manager.

33. To achieve the Schemes' objectives (i.e., the crystallization and payment of Scheme Claims in an orderly and efficient fashion), the Schemes establish a deadline (the "Bar Date") for the submission of Scheme Claims to the Scheme Manager. The Bar Date is one minute before midnight in England on the first Business Day 180 days after the Schemes have become effective.

34. Within fourteen days after the Effective Date, the Scheme Manager is required to send to every known Scheme Creditor notification of (i) the Effective Date, (ii) the Bar Date, (iii) details of the Scheme Companies' website located at [www.wfumpools.com](http://www.wfumpools.com) (the "Website"), and (iv) instructions on how to access their Claim Forms on the Website.<sup>16</sup> This information will also be advertised in the same publications in which notice of the Meetings was advertised (and, if not practicable, in other suitable publications) as soon as reasonably practicable after the Effective Date.<sup>17</sup>

---

<sup>16</sup> Claim Forms will be made available to Scheme Creditors on a secure area of the Website and are also available, if requested, on paper, CD-ROM, or via e-mail. To assist Scheme Creditors in making their Scheme Claims, the Scheme Manager will make available to each Scheme Creditor of which it is aware, a Claim Form containing details of each Insurance Contract of which the Scheme Manager is aware and which may give rise to a Scheme Claim, details of Unpaid Agreed Claims arising under such Insurance Contracts, and any details of claims or Insurance Contracts entered on the Website by the Scheme Creditor for voting purposes, provided such details were entered with respect to a Scheme Creditors' individual claims at claim level (rather than values at policy level with no claims breakdown).

<sup>17</sup> At least 28 days before the Bar Date, a reminder of the Bar Date will be sent to Scheme Creditors and known placing brokers and will be advertised in the publications used to advertise the Creditors' Meetings, or if not practicable in other suitable publications.

35. Scheme Creditors must complete the Claim Form and return it to the Scheme Manager by the Bar Date. As long as the completed Claim Form has been received by the Bar Date, the Scheme Manager is required to review the Scheme Claims asserted thereunder and, either accept them or, if they are unexpectedly high, review and negotiate them. Pursuant to the Schemes, a period of up to 182 days after 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.

36. If a Scheme Creditor does not revise and return a Claim Form by the Bar Date, their Claim Form, as prepared by the Scheme Manager, shall be deemed to have been submitted immediately before the Bar Date.<sup>18</sup> Such a Scheme Creditor will lose any entitlement to assert any additional Scheme Claims.

37. If an agreement cannot be reached with respect to a Scheme Creditor's Scheme Claims, then the Scheme Manager is required to refer the dispute either to a Scheme Adjudicator or the Scheme Actuary.

38. A Scheme Adjudicator is required to deal with disputes as to fact or law. There is no pre-appointed Scheme Adjudicator under the Schemes. Rather, the Schemes provide that Adjudication would be before a single adjudicator as agreed between the Scheme Manager and Scheme Creditor or, if an agreement cannot be reached, an adjudicator appointed by the AIDA Reinsurance and Insurance Arbitration Society. The Scheme Adjudicator is

---

<sup>18</sup> Where a Scheme Creditor entered detailed information at an individual claim level on the Website for voting purposes, but failed to submit a Claim Form prior to the Bar Date, the Claim Form sent to such Scheme Creditor containing the information it entered onto the Website will be deemed to have been submitted by such Scheme Creditor immediately prior to the Bar Date.

required to 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 after the matter has been referred to the Scheme Adjudicator. To the extent permitted by applicable law, the Scheme Adjudicator's decision is final and binding on the Scheme Companies and such Scheme Creditor except in cases of Manifest Error.

39. Where a disputed matter relates to projected claims or IBNR claims, which are determined by reference to the Estimated Methodology, such disputed matter is required to be referred to the Scheme Actuary. Pursuant to the Schemes, the Scheme Actuary is required to apply the Estimation Methodology to place a value on the disputed Scheme Claim. If the Scheme Actuary believes that a Scheme Creditor's own method of projecting claims is more appropriate than the one set forth in the Estimation Methodology, the Scheme Actuary is required to consider adopting all or parts of such Scheme Creditor's own method of projecting claims. The Scheme Actuary is required to notify the Scheme Manager and the Scheme Creditor of his valuation of the disputed amount of a Scheme Claim within a maximum of 140 days after the matter has been referred to the Scheme Actuary. To the extent permitted by applicable law, the Scheme Actuary's valuation is final and binding on the Scheme Companies and such Scheme Creditor provided the Scheme Creditor does not raise an objection to the valuation in accordance with the terms of the Schemes.

40. A Scheme Creditor may dispute the Scheme Actuary's valuation, provided it does so within 28 days of dispatch of the valuation. A dispute on the grounds of Manifest Error is required to be dealt with by the Scheme Manager. A dispute on grounds other than Manifest Error is required to be referred to the independent Actuarial Adjudicator who is required to determine 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 an amended valuation. To the extent permitted by applicable law, the Actuarial Adjudicator's decision is final and binding on the Scheme Companies and such Scheme Creditor except in cases of Manifest Error.

41. A Valuation Statement is required to be sent or made available to each Scheme Creditor within 42 days of the latest of:

- (a) agreement or valuation of a Scheme Creditor's Scheme Claims, and conversion into the relevant currency;
- (b) where applicable, calculation of the value of the Scheme Creditor's Scheme Debts; and
- (c) 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.

42. The Valuation Statement is required to set forth the total value of a Scheme Creditor's Agreed Claims established under the procedures for agreement, adjudication and actuarial estimation discussed above and 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.<sup>19</sup> In addition, a time-value discount will be applied under the principles of the Estimation Methodology to reflect the net present value of Scheme Claims as of the date of the Valuation Statement. The amount shown on a Valuation Statement after adjustments made in accordance

---

<sup>19</sup> Scheme Debts are generally 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.

with the Schemes is the Scheme Creditor's "Net Ascertained Claim" (or "Net Debt" if it is an amount in favor of the Scheme Company).

43. A Valuation Statement becomes final and binding upon the Scheme Creditor unless disputed within 56 days of the date of the Valuation Statement. Under the Schemes, the Petitioning Companies will pay each Net Ascertained Claim within 42 days of a Valuation Statement becoming final and binding.

44. The Schemes contain long-term stay provisions enjoining Scheme Creditors from commencing or continuing actions against the Scheme Companies, or their property, in any jurisdiction whatsoever, to establish the existence or amount of a Scheme Claim, except as expressly provided for in the Schemes or with the written consent of the Scheme Manager. However, the Schemes do not prevent a Scheme Creditor from commencing proceedings against a Scheme Company if such Scheme Company has failed to perform its obligations to make a payment to the Scheme Creditor under its Scheme.

45. To ensure the continued unified winding up of the WFUM Pools Business, the Schemes provide that where (as will generally be the case), a Scheme Creditor is a Scheme Creditor of more than one Scheme Company, it must abide by the terms of the other Schemes that have been sanctioned by the High Court and are effective.<sup>20</sup> Accordingly, a Scheme Creditor that, by virtue of the relief granted under Chapter 15 of the Bankruptcy Code, becomes bound by the Scheme of a Petitioning Company, must also abide by the terms of the sanctioned

---

<sup>20</sup> In particular, clause 2.8.4 of the Schemes provides, in pertinent part, that "[i]t 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."



and effective Schemes of the other Scheme Companies notwithstanding that such Schemes have not been recognized in the United States. If Scheme Creditors of the Petitioning Companies could challenge or act in contravention of the Schemes of the other Scheme Companies, the unified winding up of the WFUM Pool Business would be impaired.

**STATUTORY BASIS FOR RELIEF REQUESTED**

46. Chapter 15 of the Bankruptcy Code was specifically designed to assist foreign representatives, such as the Petitioner, in the performance of their duties. One of its express objectives is the "fair and efficient administration of cross-border insolvencies that protects the interests of all creditors, and other interested entities, including the debtor." 11 U.S.C. § 1501(a)(3).

47. The relief sought herein is well within the scope of Chapter 15 and the criteria for recognition and the issuance of an injunction under Chapter 15 are satisfied under the facts of this case. Relief under Chapter 15 of the Bankruptcy Code is necessary to ensure that United States Scheme Creditors of the Petitioning Companies will not be able to take action to their advantage and to the disadvantage of other Scheme Creditors, thereby potentially jeopardizing the Schemes.

48. The Petitioning Companies have Scheme Creditors located throughout the United States, including in this District. Moreover, the Petitioning Companies have assets consisting of, among other things, recoverables due from entities located in the United States, including in this District. Absent the relief requested, including injunctive relief, the Petitioning Companies, their estates and creditors will be irreparably harmed. If United States Scheme Creditors are permitted to seek their own remedies, assets of the Scheme Companies could be depleted, thereby preventing a fair distribution to all creditors. In addition, those

creditors could gain an advantage over others, and there would be no orderly and uniform administration of the WFUM Pools Business and the assets of, and claims against, the Petitioning Companies in one central forum.

49. In contrast to the hardships described above, preservation of the Petitioning Companies' assets for distribution in accordance with the terms of the Schemes will not prejudice United States creditors. To preserve assets for equitable distribution among Scheme Creditors, the Schemes bar any proceeding against the Scheme Companies or their property, wherever located, seeking to establish the existence or amount of any Scheme Claim or to obtain payment of any Scheme Claim, unless (i) a Scheme Company has failed to perform its obligation to make payment of a Net Ascertained Claim in accordance with the Schemes, or (ii) the Scheme Manager consents to such proceeding.

50. Recognition of the Petitioning Companies' Schemes under Chapter 15 and the grant of additional appropriate relief requested are necessary to promote the goals of the Schemes and ensure their effective implementation. In order to best preserve assets that may be made available to satisfy Scheme Claims, all claims and distributions should be administered in accordance with the terms of the Schemes. If Scheme Creditors of the Petitioning Companies in the United States are not stayed in accordance with the terms of the Schemes, the orderly determination and settlement of Scheme Claims may be jeopardized and the Petitioning Companies may be forced to expend resources unnecessarily in order to defend collection and other actions brought by United States creditors.

### **RELIEF REQUESTED**

51. The Petitioner, as the foreign representative of the Petitioning Companies, seeks entry of an order, substantially in the form of the Proposed Order granting the following

relief as necessary to best advance the goals of the Schemes and assure their effective implementation:

- (i) With respect to the UK Petitioning Companies,
  - (a) recognition of the proceedings respecting the Schemes commenced under the Companies Act as foreign main proceedings as defined in section 1502(4) of the Bankruptcy Code; and
  - (b) all relief afforded foreign main proceedings automatically upon recognition pursuant to section 1520 of the Bankruptcy Code, as of right if the Schemes of the UK Petitioning Companies are recognized as a foreign main proceedings.<sup>21</sup>
- (ii) With respect to Allianz Global,
  - (a) recognition of the proceeding respecting its Scheme commenced under the Companies Act as a foreign nonmain proceeding, as defined in section 1502(5) of the Bankruptcy Code; and
  - (b) all relief afforded foreign main proceedings, pursuant to section 1520 of the Bankruptcy Code, as additional relief for the foreign nonmain proceeding as authorized by section 1521 of the Bankruptcy Code.

52. In addition, the Proposed Order provides further additional relief, as authorized by section 1521 of the Bankruptcy Code, including, among other things:

- (i) that the Petitioning Companies' Schemes (including any modifications or amendments of such Schemes) shall be given full force and effect in the United States, and shall be binding on and enforceable against any person or entity that is a Scheme Creditor of the Petitioning Companies, including, without limitation, against such person or entity in its capacity as a debtor of a Scheme Company in the United States;

---

<sup>21</sup> Alternatively, if this Court determines that the proceedings respecting the Schemes of the UK Petitioning Companies commenced under the Companies Act before the High Court are foreign nonmain proceedings, as defined in section 1502(5) of the Bankruptcy Code, rather than foreign main proceedings, the Petitioner respectfully requests that this Court grant all relief afforded foreign main proceedings, pursuant to section 1520 of the Bankruptcy Code, as additional relief for foreign nonmain proceedings as authorized by section 1521 of the Bankruptcy Code.

(ii) that a Valuation Statement, including all amounts (including, without limitation, Scheme Debt) determined by the Scheme Adjudicator, Scheme Actuary or Actuarial Adjudicator, shall be final and binding on the Scheme Companies subject to sanctioned and effective Schemes and any person or entity that is a Scheme Creditor of a Petitioning Company, including, without limitation, against such person or entity in its capacity as a debtor of a Scheme Company in the United States;

(iii) that all Scheme Creditors of any Petitioning Company are permanently enjoined from taking any action in contravention of, or inconsistent with, the sanctioned and effective Schemes;

(iv) that, in accordance with clause 2.8.4 of the Schemes, all Scheme Creditors of any Petitioning Company must abide by, and be bound by, the terms of the sanctioned and effective Schemes;

(v) that, except as otherwise provided in the Schemes or the Proposed Order, all Scheme Creditors of any Petitioning Company are permanently enjoined from seizing, repossessing, transferring, relinquishing or disposing of any property of any Scheme Company, subject to a sanctioned and effective Scheme, or the proceeds thereof, in connection with any Scheme Claims in the United States;

(vi) that, in accordance with the Schemes, all Scheme Creditors of any Petitioning Company are permanently enjoined from: (a) commencing or continuing any Proceedings (including, without limitation, arbitration, mediation or any judicial, quasi-judicial, administrative action, proceeding or process whatsoever) in connection with any Scheme Claim, including by way of counterclaim, against a Scheme Company subject to a sanctioned and effective Scheme, or any of its property in the United States, or any proceeds thereof, and seeking discovery of any nature against such Scheme Company; (b) enforcing any judicial, quasi-judicial, administrative judgment, assessment or order, or arbitration award obtained in connection with any Scheme Claim, and commencing or continuing any Proceedings in connection with any Scheme Claim (including, without limitation, arbitration, mediation or any judicial, quasi-judicial, administrative action, proceeding or process whatsoever) or any counterclaim to create, perfect or enforce any lien, attachment, garnishment, setoff or other claim arising out of a Scheme Claim against any Scheme Company subject to a sanctioned and effective Scheme or any of its property in the United States, or any proceeds thereof, including, without limitation, rights under reinsurance or retrocession contracts; (c) invoking, enforcing or relying on the benefits of any statute, rule or requirement of federal, state, or local law or regulation requiring a Scheme Company subject to a sanctioned and effective Scheme to establish or post security in the form of a bond, letter of credit or otherwise as a condition of prosecuting or defending any Proceedings (including, without limitation, arbitration, mediation or any judicial, quasi-judicial, administrative action, proceedings or process whatsoever) in connection with any Scheme Claim and such statute, rule or requirement will be rendered null and void for Proceedings; provided, however, that nothing in the Proposed Order shall in any respect (i) affect any Security or the replacements for such Security or (ii) enjoin any policy or regulatory act of a governmental unit, including a criminal action or proceeding, in accordance with section 1521(d) of the Bankruptcy Code; (d) drawing down any letter of credit established

by, on behalf or at the request of, a Scheme Company subject to a sanctioned and effective Scheme, that relates to a Scheme Claim or the WFUM Pool Business in excess of amounts expressly authorized by the terms of the contract or other agreement pursuant to which such letter of credit has been established; and (e) withdrawing from, setting off against, or otherwise applying property that is the subject of any trust or escrow agreement or similar arrangement that relates to a Scheme Claim or the WFUM Pool Business in which a Scheme Company subject to a sanctioned and effective Scheme has an interest in excess of amounts expressly authorized by the terms of the contract and any related trust or other agreement pursuant to which such letter of credit, trust, escrow, or similar arrangement has been established; provided, however, no drawing against any letter of credit shall be made in connection with any commutation unless the amount has been agreed in writing with the Petitioner or the Scheme Manager or permitted by further Order of the Court;

(vii) that, in accordance with the terms of the Schemes, all persons and entities in possession, custody or control of property of the Petitioning Companies or the proceeds thereof, are required to turn over and account for such property or proceeds thereof to the Petitioning Companies or the Scheme Manager;

(viii) that all Scheme Creditors of the Petitioning Companies that are beneficiaries of letters of credit established by, on behalf or at the request of a Scheme Company subject to a sanctioned and effective Scheme or parties to any trust, escrow or similar arrangement in which a Scheme Company subject to a sanctioned and effective Scheme has an interest that relates to a Scheme Claim or the WFUM Pool Business, are required to: (a) provide notice to the Petitioner's United States counsel (Chadbourne & Parke LLP, 30 Rockefeller Plaza, New York, NY 10112, Attn: Francisco Vazquez, Esq. and, with respect to Greyfriars and Sovereign UK, notice should also be sent to Allen & Overy LLP, 1221 Avenue of the Americas, New York, NY 10020, Attn: Stephen Doody, Esq.) of any drawdown on any letter of credit established by, on behalf or at the request of, a Scheme Company subject to a sanctioned and effective Scheme, or any withdrawal from, setoff against, or other application of property that is the subject of any trust or escrow agreement or similar arrangement in which a Scheme Company subject to a sanctioned and effective Scheme has an interest, together with information sufficient to permit the Scheme Manager to assess the propriety of such drawdown, withdrawal, setoff or other application, including, without limitation, the date and amount of such drawdown, withdrawal, setoff or other application and a copy of any contract, related trust or other agreement pursuant to which any such drawdown, withdrawal, setoff, or other application was made, and provide such notice and other information contemporaneously therewith; and (b) turn over and account to the Scheme Manager for all funds resulting from such drawdown, withdrawal, setoff, or other application in excess of amounts expressly authorized by the terms of the contract, any related trust or other agreement pursuant to which such letter of credit, trust, escrow or similar arrangement has been established;

(ix) that every Scheme Creditor of the Petitioning Companies that has a claim of any nature or source arising out of a Scheme Claim or the WFUM Pool Business and that is a party to any Proceedings (including, without limitation, arbitration or any judicial, quasi-judicial, administrative action, proceeding or process whatsoever) pending in connection with any Scheme Claim or WFUM Pool Business in which a Scheme Company subject to a

sanctioned and effective Scheme is or was named as a party, or as a result of which a Scheme Claim may be established, is required to place such Scheme Company and the Scheme Manager and the Petitioner's United States counsel (Chadbourn & Parke LLP, 30 Rockefeller Plaza, New York, NY 10112, Attn: Francisco Vazquez, Esq. and, with respect to Greyfriars and Sovereign UK, notice should also be sent to Allen & Overy LLP, 1221 Avenue of the Americas, New York, NY 10020, Attn: Stephen Doody, Esq.) on the master service list of any such Proceedings, and to take such other steps as may be necessary to ensure that such counsel receives: (a) copies of any and all documents served by the parties to such action or other legal proceeding or issued by the court, arbitrator, administrator, regulator or similar official having jurisdiction over such action or legal proceeding; and (b) any and all correspondence, or other documents circulated to parties named in the master service list;

(x) that nothing in the Proposed Order shall in any respect prevent the commencement or continuation of proceedings against any person, entity or other insurer other than the Scheme Companies subject to sanctioned and effective Schemes; 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 Companies subject to sanctioned and effective Schemes, such settlement or judgment shall not be binding on or enforceable against any of the Scheme Companies;

(xi) that, except as otherwise provided in the Schemes, all persons be permanently enjoined from commencing or continuing any Proceedings against the Scheme Companies subject to sanctioned and effective Schemes, the Scheme Manager, the Scheme Adviser, or any of their respective directors, officers, agent 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 Schemes or out of any action taken or omitted to be taken by any of the Scheme Parties in connection with the administration of the Schemes;

(xii) that the High Court 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 Schemes, or out of any action taken or omitted to be taken by any of the Scheme Parties in connection with the administration of the Schemes; provided, however, that in relation to the determination of Scheme Claims nothing in the Proposed Order will affect 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;

(xiii) that no action taken by the Petitioning Companies, the Petitioner, the Scheme Adviser, the Scheme Manager, 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 Schemes, the Proposed Order, any further order for additional relief in the ancillary proceedings or cases filed under Chapter 15 of the Bankruptcy Code, or any adversary proceedings in connection therewith as the Bankruptcy Code may make, will be deemed to constitute a waiver of the immunity afforded to the Petitioning Companies, the Petitioner, the Scheme Adviser, the Scheme Manager, their

respective successors, directors, officers, agents, employees, representatives, advisers or attorneys, pursuant to section 1510 of the Bankruptcy Code;

(xiv) that, except as otherwise provided in the Schemes, all persons are permanently enjoined from commencing or continuing any Proceeding against the Petitioning Companies, the Scheme Adviser, the Scheme Manager, 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 Chapter 15 cases or in preparing, disseminating, applying for or implementing the Schemes or the Proposed Order;

(xv) that the Petitioning Companies and the Scheme Manager are authorized to transfer to the foreign proceedings subject to these Chapter 15 cases for distribution, pursuant to the Schemes, any monies or assets of the Petitioning Companies which the Petitioning Companies or the Scheme Manager have or may hereafter recover;

(xvi) that this Court shall retain jurisdiction with respect to the enforcement, amendment or modification of the Proposed Order, and requests for any additional relief in the Chapter 15 cases and all adversary proceedings in connection therewith properly commenced and within the jurisdiction of this Court;

(xvii) that except with respect to the matters over which this Court has expressly retained jurisdiction, the Chapter 15 cases are hereby closed, subject to it being reopened pursuant to section 350(b) of the Bankruptcy Code; and

(xviii) awarding the Petitioner such other and further relief as this Court may deem just and proper.

53. Granting the above relief and recognizing the Schemes will ensure that the Petitioning Companies' affairs are expeditiously resolved, consistent with the goal of Chapter 15 to provide assistance to foreign courts.

### **NOTICE**

54. By Application for Order Limiting Notice, Scheduling Hearing, and Specifying the Form and Manner of Service of Notice dated September 18, 2007, the Petitioner has requested that the Court set the date for the hearing (the "Hearing") on recognition and relief at the earliest possible time, pursuant to section 1517(c) of the Bankruptcy Code, preferably sometime during the week of October 15, 2007.

55. As soon as the Hearing is scheduled, the Petitioner will cause a copy of (i) the Petitions; (ii) a Verified Petition (without Exhibit "A"), and (iii) the Notice of Filing and Hearing on Petitions under Chapter 15 of the United States Bankruptcy Code (the "Notice"), to be sent by first-class mail to all Scheme Creditors of the Petitioning Companies and other parties in interest located in the United States.<sup>22</sup>

56. By such notice, all U.S. parties in interest will be advised of the commencement of the Chapter 15 cases, the relief requested by the Petitions, the central documents filed with the Court respecting these Chapter 15 cases, as well as the date, place and time of the Hearing and the date, time and manner for lodging a response or motion respecting the Petitions, in accordance with the Bankruptcy Rules and the Local Rules of Bankruptcy Procedure. The Notice shall be sent so as to provide U.S. parties in interest at least 20 days notice by mail prior to the Hearing, as required by Bankruptcy Rules 2002(q). The Petitioner also shall cause such notice in substantially the form of the Notice to be published expeditiously on the Website and in Business Insurance magazine, Insurance Day magazine, The New York Times (national edition), and The Wall Street Journal (National Edition).

---

<sup>22</sup> Copies of Exhibit A hereto and all other pleadings, including (i) the Lists submitted by the Petitioner pursuant to Bankruptcy Rule 1007(a)(4), (ii) the Statements of Foreign Representative required pursuant to 11 U.S.C. §1515; (iii) the Montgomery Declaration, and (iv) the Sanction Orders will be provided upon request to the Petitioner's counsel.



## CONCLUSION

WHEREFORE, the Petitioner respectfully requests that this Court enter an Order granting the relief requested herein substantially in the form of the Proposed Order annexed hereto and grant Petitioner such other and further relief as may be just and proper.

Dated: New York, New York  
September 18, 2007

### **CHADBOURNE & PARKE LLP**

By: /s/ Howard Seife  
Howard Seife (HS 7995)  
A Member of the Firm  
Attorneys for the Petitioner,  
as foreign representative of the  
Petitioning Companies  
30 Rockefeller Plaza  
New York, New York 10112  
(212) 408-5119

### **ALLEN & OVERY LLP**

By: /s/ Ken Coleman  
Ken Coleman (KC 9720)  
A Member of the Firm  
Attorneys for Petitioner,  
as foreign representative of  
Greyfriars and Sovereign UK  
1221 Avenue of the Americas  
New York, New York 10020  
(212) 610-6300

**CHADBOURNE & PARKE LLP**

Attorneys for Petitioner,  
as foreign representative of the Petitioning Companies  
30 Rockefeller Plaza  
New York, New York 10112  
(212) 408-5119  
Howard Seife (HS 7995)  
Francisco Vazquez (FV 1244)

**ALLEN & OVERY LLP**

Attorneys for Petitioner,  
as foreign representative of Greyfriars and Sovereign UK  
1221 Avenue of the Americas  
New York, New York 10020  
(212) 610-6300  
Ken Coleman (KC 9720)  
Stephen Doody (SD 9768)

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----	X	
In re	:	
Petition of PRO Insurance Solutions Limited, as foreign representative of GREYFRIARS INSURANCE COMPANY LIMITED	:	In a Case Under Chapter 15 of the Bankruptcy Code
	:	
Debtor in a Foreign Proceeding.	:	Case No. 07-B-
-----	X	

-----	X	
In re	:	
Petition of PRO Insurance Solutions Limited, as foreign representative of SOVEREIGN INSURANCE (UK) LIMITED	:	In a Case Under Chapter 15 of the Bankruptcy Code
	:	
Debtor in a Foreign Proceeding.	:	Case No. 07-B-
-----	X	

-----	X	
In re	:	
Petition of PRO Insurance Solutions Limited, as foreign representative of ALLIANZ INSURANCE PLC	:	In a Case Under Chapter 15 of the Bankruptcy Code
	:	
Debtor in a Foreign Proceeding.	:	Case No. 07-B-_____
-----	X	
-----	X	
In re	:	
Petition of PRO Insurance Solutions Limited, as foreign representative of HEDDINGTON INSURANCE (U.K.) LIMITED	:	In a Case Under Chapter 15 of the Bankruptcy Code
	:	
Debtor in a Foreign Proceeding.	:	Case No. 07-B-_____
-----	X	
-----	X	
In re	:	
Petition of PRO Insurance Solutions Limited, as foreign representative of MITSUI SUMITOMO INSURANCE COMPANY (EUROPE), LIMITED	:	In a Case Under Chapter 15 of the Bankruptcy Code
	:	
Debtor in a Foreign Proceeding.	:	Case No. 07-B-_____
-----	X	
-----	X	
In re	:	
Petition of PRO Insurance Solutions Limited, as foreign representative of THE OCEAN MARINE INSURANCE COMPANY LIMITED	:	In a Case Under Chapter 15 of the Bankruptcy Code
	:	
Debtor in a Foreign Proceeding.	:	Case No. 07-B-_____
-----	X	

-----	X	
In re	:	
Petition of PRO Insurance Solutions Limited, as foreign representative of OSLO REINSURANCE COMPANY (UK) LIMITED	:	In a Case Under Chapter 15 of the Bankruptcy Code
	:	
Debtor in a Foreign Proceeding.	:	Case No. 07-B-_____
-----	X	
-----	X	
In re	:	
Petition of PRO Insurance Solutions Limited, as foreign representative of THE SEA INSURANCE COMPANY LIMITED	:	In a Case Under Chapter 15 of the Bankruptcy Code
	:	
Debtor in a Foreign Proceeding.	:	Case No. 07-B-_____
-----	X	
-----	X	
In re	:	
Petition of PRO Insurance Solutions Limited, as foreign representative of TOKIO MARINE EUROPE INSURANCE LIMITED	:	In a Case Under Chapter 15 of the Bankruptcy Code
	:	
Debtor in a Foreign Proceeding.	:	Case No. 07-B-_____
-----	X	
-----	X	
In re	:	
Petition of PRO Insurance Solutions Limited, as foreign representative of WAUSAU INSURANCE COMPANY (U.K.) LIMITED	:	In a Case Under Chapter 15 of the Bankruptcy Code
	:	
Debtor in a Foreign Proceeding.	:	Case No. 07-B-_____
-----	X	

-----	x
In re	:
Petition of PRO Insurance Solutions Limited, as foreign representative of ALLIANZ GLOBAL CORPORATE & SPECIALTY (FRANCE)	: In a Case Under Chapter 15 of the Bankruptcy Code :
Debtor in a Foreign Proceeding.	: Case No. 07-B-_____
-----	x

Richard Emmett, pursuant to 28 U.S.C. § 1746, hereby declares under penalty of perjury as follows:

I am a Divisional Manager of PRO Insurance Solutions Limited, the duly appointed foreign representative of Greyfriars Insurance Company Limited, Sovereign Insurance (UK) Limited, Allianz Insurance plc, Heddington Insurance (U.K.) Limited, Mitsui Sumitomo Insurance Company (Europe), Limited, The Ocean Marine Insurance Company Limited, Oslo Reinsurance Company (UK) Limited, The Sea Insurance Company Limited, Tokio Marine Europe Insurance Limited, Wausau Insurance Company (U.K.) Limited, and Allianz Global Corporate & Specialty (France).

I have the full authority to verify this Petition.

I have read the foregoing petition, and I am informed and believe that the factual allegations contained therein are true and accurate.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 18th day of September 2007  
in London, England

/s/ Richard Emmett  
Richard Emmett, Divisional Manager  
PRO Insurance Solutions Limited