

PRO Insurance Solutions

Our Ref:

30 June 2006

CHIEF FINANCIAL OFFICER

Dear Sir/Madam

Leave to convene creditor meetings granted for the 'WFUM Pools Scheme'

Further to our letter of 20 January 2006, the Court has now granted leave to convene the necessary meetings of Scheme Creditors to vote on the proposed WFUM Pools Scheme. Specifically, the Court directed that:

- a single meeting of Scheme Creditors be held for the insolvent Sovereign Marine & General Insurance Company Limited ("Sovereign") and each of its two solvent subsidiaries, Sovereign Insurance (UK) Limited and Greyfriars Insurance Company Limited; and
- two meetings of Scheme Creditors be held for each of the remaining 13 solvent Scheme Companies to vote on their respective Schemes as follows:
 - (i) for Scheme Creditors in relation to their Scheme Claims other than IBNR claims; and
 - (ii) for Scheme Creditors in relation to their IBNR Claims.

These meetings will take place in late October 2006 and we will be sending formal notification, together with the Scheme documentation and details of how to vote, by the end of July 2006.

What does this mean for you?

We believe your organisation, or those you represent, could be affected by the WFUM Pools Scheme. Accordingly, we would welcome the opportunity to:

- review details of your WFUM Pools policies with you and reconcile the information that you hold with that held in our records; and
- offer you the opportunity to discuss the way in which your claims data is likely to be evaluated under the Scheme process, including the Estimation Methodology.

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What is the WFUM Pools Scheme?

As we explained in our letters of 2 December 2005 and 20 January 2006, the 16 companies listed in the appendix to this letter ("Scheme Companies") participated in the WFUM Pools and are now proposing a collective scheme of arrangement under Section 425 of the Companies Act 1985. This 'WFUM Pools Scheme' would close all business of Sovereign and its solvent subsidiaries and all elements of the remaining solvent companies' WFUM Pools business that are currently in run-off except for any compulsory insurance policies.

The rationale for the proposal is that the run off of Sovereign has now reached the point where the most cost effective option for Scheme Creditors is to propose a closing scheme of arrangement. Given the potential for fragmentation of the pools and associated future complexity for Scheme Creditors if Sovereign and its solvent subsidiaries were to close in isolation, the primary purpose of the proposed WFUM Pools Scheme is to enable the closure of the business to be carried out in a unified and efficient manner. The Sovereign Scheme Administrators also believe that a Pool Scheme will increase the ultimate distributions to creditors which can be paid much earlier than in a continuing run-off.

PRO Insurance Solutions Limited ("PRO") is the WFUM Pools run-off manager and proposed Scheme Manager. Copies of our previous letters and additional detail on the proposed WFUM Pools Scheme are available on the WFUM Pools Website at www.wfumpools.com

What should you do now?

If you believe that you (or those you represent) may be affected by the proposed WFUM Pools Scheme and have yet to identify the relevant WFUM Pools business in your (or their) records, we would recommend taking this early opportunity to do so. A description of the WFUM Pools business is available for your review on the WFUM Pools Website which also offers password protected access for each Scheme Creditor to the relevant information on PRO's systems regarding policy and unsettled agreed claims data. If you are unable to access the Website and would like details sent to you please contact our helpline.

How do you contact PRO?

If you require any further information regarding your insurance or reinsurance policies/contracts with the WFUM Pools, please contact the WFUM Pools Scheme helpline on 01452 523426 (Fax 01452 523437) or e-mail us at: pro_wfumpools@pro-ltd.co.uk.

If we have used an incomplete or incorrect address on this letter or if you would like us to correspond with someone else in your organisation please let us know. Also, we would be grateful if you could alert us to any others that may be affected by the WFUM Pools Scheme and may not have received this letter.

Yours faithfully

PRO Insurance Solutions Ltd

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List of Companies

- Sovereign Marine & General Insurance Company Limited
- Allianz Cornhill Insurance plc
- Allianz Marine and Aviation (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
- The Ocean Marine Insurance Company Limited
- Oslo Reinsurance Company (UK) Limited
- Sovereign Insurance (UK) Limited
- Sphere Drake Insurance Limited
- The Sea Insurance Company Limited
- Tokio Marine Europe Insurance Limited
- Wausau Insurance Company (U.K.) Limited

Note:

The above are the current names of the pool participants and as such are not necessarily the names that were in existence at the time that the business was underwritten. These names could change in the future by reason of group or company reorganisations. For more information in this regard, please refer either to PRO or the Scheme website at www.wfumpools.com.