

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you should take such professional advice as you consider appropriate without delay.

Further information and copies of this document and other related documentation are available from Reliance National Insurance Company (Europe) Limited at <https://reliance-national-insurance-company-europe.co.uk> or using the contact details provided, page 5 below.

Proposal in relation to

**A SCHEME OF ARRANGEMENT
pursuant to Part 26 of the Companies Act 2006**

BETWEEN

RELIANCE NATIONAL INSURANCE COMPANY (EUROPE) LIMITED

and certain of its

**POLICYHOLDERS
(as defined in the Scheme)**

Reliance National Insurance Company (Europe) Limited (the **Company**) is proposing a scheme of arrangement under Part 26 of the Companies Act 2006 of England and Wales to some of its policyholders. A copy of the scheme of arrangement is set out in Section II of this document (the **Scheme**). A meeting of relevant policyholders to consider and vote on the Scheme will be held at 10.00 a.m. (London time) on 28 June 2024 virtually (the **Scheme Meeting**). A copy of the notice giving more details of the Scheme Meeting is set out at Section III of this document.

The action you should take is described on page 14 of this document. Please complete the Voting Form at Section IV of this document (the **Voting Form**) if you want to vote. You can also use your Voting Form to make a claim in the Scheme if it becomes effective. The instructions for completing the Voting Form are in the Voting Form. Please return the Voting Form to us as soon as possible. You must return the Voting Form by 5.00 p.m. (London time) on 25 June 2024 if you want your vote on the Scheme to count and if you want to use the Voting Form as a claim in the Scheme.

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IMPORTANT NOTICE TO POTENTIAL POLICYHOLDERS

This document has been prepared in connection with the proposed Scheme.

The statements, opinions and information contained in this document are made, held or given respectively as at the date of this document, unless some other time is specified in relation to them, and the sending of this document shall not give rise to any implication that there has been no change in the facts set out in this document since such date. Nothing contained in this document shall constitute any admission of any fact or liability on the part of the Company with respect to any right or asset to which it may be entitled or any claim against it.

The summary of the principal provisions of the Scheme are set out in the statement included at Section I of this document (the **Explanatory Statement**). The Explanatory Statement is qualified in its entirety by reference to the Scheme itself, the full text of which is set out at Section II of this document. In the event of an inconsistency between the Explanatory Statement and the Scheme, the terms of the Scheme shall prevail. In the event of an inconsistency between any translation of the Explanatory Statement or Scheme, the terms of the English language version of the Explanatory Statement or Scheme shall prevail. Each Policyholder is advised to read and consider carefully the text of the Explanatory Statement, and the Scheme. Reading individual sections in isolation may be misleading.

No person has been authorised by the Company to make any representations concerning the Scheme which are inconsistent with the statements contained in this document. If made, such representations may not be relied upon as having been so authorised.

No estimate of the amount of any claim against the Company specified in the Voting Form, or otherwise provided or used for voting purposes, will be binding upon the Policyholder or the Company. Any such estimate will only be used for voting purposes at the Scheme Meeting.

This document is not legal, tax or financial advice. We recommend that you consult with your own professional advisers as to legal, tax, financial or other matters relevant to the action you should take in relation to the Scheme, or the implications or consequences of those actions.

KEY DATES AND EXPECTED TIMETABLE

Voting Form deadline [1]	5.00 p.m. on 25 June 2024 (London time)
Scheme Meeting	10.00 a.m. on 28 June 2024
Court hearing to approve the Scheme [2]	22 July 2024
Effective Date [3]	23 July 2024
Claims Deadline [4]	23.59 p.m. 23 January 2025

The above dates are based on current expectations and may change. If any of the expected dates change, the Company will let you know by putting a notice on the Website.

1. This is the deadline for returning a Voting Form before the Scheme Meeting if you want your vote on the Scheme to be counted and if you want to use your Voting Form to claim in the Scheme (if it becomes effective).
2. If the Scheme is approved by the required number of Policyholders at the Scheme Meeting, the Company shall apply to the Court to approve the Scheme as soon as possible afterwards. The date of the Court hearing may depend on whether the votes made at the Scheme Meeting need to be reviewed by an independent person called an Independent Vote Assessor for assessment as described in Part F (Arrangements for voting) paragraphs 17 to 22 of the Explanatory Statement. In the event that it is necessary for the Independent Vote Assessor to review the votes, the date of the second Court hearing may be later.
3. In the event that the Court approves the Scheme, the Court order approving the Scheme will be delivered to the Registrar of Companies afterwards. The date of that delivery is the Effective Date. On the Effective Date, the Scheme will be binding on the Company and the Policyholders. This means that the Company and all Policyholders must comply with the terms of the Scheme. Policyholders must do this even if they did not vote in favour of the Scheme or did not vote at all.
4. This is the deadline for a Policyholder to make a claim in the Scheme if it wishes to be eligible to receive a payment under its Insurance Policy. This date will be six months following the Effective Date.

CONTACT DETAILS

Company	<p>Reliance National Insurance Company (Europe) Limited c/o Premia UK Services Company Ltd 2 Minster Court Mincing Lane London, EC3R 7BB England</p> <p>Contact: Barry Toolan Telephone: +44 20 4566 5673 Email: RNICEScheme@Premiare.uk</p>
Scheme Advisers	<p>Kevin Gill and Richard Barker c/o Ernst & Young LLP 1 More London Place, London, SE1 2AF England</p> <p>Contact: Kevin Gill, Richard Barker, Maria Prince or Jack Park Telephone: +44 20 7951 2000 Email: kgill@parthenon.ey.com / rbarker@parthenon.ey.com / MPrice@parthenon.ey.com / Jack.Park@parthenon.ey.com</p>
UK Legal Advisers	<p>Clifford Chance LLP 10 Upper Bank Street London, E14 5JJ England</p> <p>Contact: Philip Hertz, Jeanette Best or Emma Buchanan Telephone: + 44 (0) 207 006 1000 Fax: +44 (0) 207 006 5555 Email: philip.hertz@cliffordchance.com / jeanette.best@cliffordchance.com / emma.buchanan@cliffordchance.com</p>
Website	<p>https://reliance-national-insurance-company-europe.co.uk</p>

SECTION I
EXPLANATORY STATEMENT

SECTION I
EXPLANATORY STATEMENT

(in compliance with Part 26 of the Companies Act 2006)

in relation to a
SCHEME OF ARRANGEMENT
BETWEEN
RELIANCE NATIONAL INSURANCE COMPANY (EUROPE) LIMITED
and its
POLICYHOLDERS
(as defined in the Scheme)

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PART A LETTER TO POLICYHOLDERS

Dear Policyholder

Introduction

1. Reliance National Insurance Company (Europe) Limited (the **Company**) is proposing a scheme of arrangement under Part 26 of the Companies Act 2006 of England and Wales (the **Scheme**) with the holders of certain insurance policies as further described in paragraph 11 below (the **Insurance Policies**).
2. The purpose of the Scheme is to put in place a plan for the Company and policyholders under the Insurance Policies (the **Policyholders**) to agree and pay claims under or arising in connection with the Insurance Policies (the **Scheme Claims**), where those Scheme Claims are determined to be valid.
3. An explanation of the Scheme is set out in Section I of this document. The full terms of the Scheme are set out in Section II of this document. In the event of a conflict between the Scheme summary contained in Section I and the Scheme terms contained in Section II, the terms of the Scheme shall prevail. The Company recommends that Policyholders read this document in full.
4. The letter in this Part A contains a high-level summary of the Scheme. Further details about how the Scheme works are set out in *Part C: How does the Scheme work?* below.

Why is the Company proposing this Scheme?

5. The Company experienced a material deterioration in its financial position in 2021, primarily because of adverse litigation outcomes and a re-assessment of future claim costs. This led to a breach of the Company's regulatory Solvency Capital Requirement (**SCR**) and its Minimum Capital Requirement (**MCR**). The Company created a plan to resolve the financial position of the Company.
6. The plan was presented to the Company's regulator, the Prudential Regulation Authority (**PRA**) and involves two principal measures: (1) the early settlement of open claims and (2) the promotion of the Scheme, which will accelerate the agreement and payment of all remaining outstanding claims in an equal and fair manner. In the absence of these measures, the costs of a prolonged run off will leave the Company insolvent and unable to pay Policyholders in full.
7. If it is not possible to accelerate the settlement of claims in this way, then the Company would likely have no option but to apply for administration proceedings, an insolvency process in England (an **Administration**). It is likely that the administrators appointed in any Administration proceeding would also propose an accelerated agreement of claims similar to the Scheme proposed by the directors of the Company (the **Directors**), rather than carry on the run-off to its natural expiry. However, given the additional costs of the Administration process, it is likely that Policyholders will receive much less in respect of their agreed claims. Not only would an Administration result in

significant additional costs (including, by way of example, the cost of the administrator and the associated legal costs given that this is a process supervised by the English Courts) but recoveries are expected to be less in an Administration. This is because certain assets will be more difficult to realise or otherwise written off if it becomes no longer viable to keep the Company running and there would also likely be additional delay given the nature of the process.

What is a Scheme?

8. A Scheme is an agreement between a company and some or all of its creditors. A company and its relevant creditors will be bound by the Scheme (including any creditors who vote against the Scheme or who don't vote at all) if:
 - (a) it is approved by a majority in number (that is more than 50%), representing 75% or more in value, of the creditors who vote;
 - (b) the English Court approves the Scheme at a Court hearing. The English Court will only approve the Scheme if it believes the legal requirements for doing so are met and the Scheme is fair; and
 - (c) a copy of the Court order approving the Scheme is filed with the English Registrar of Companies.
9. A Scheme becomes effective on the date on which the last of these steps occurs (the **Effective Date**). On the Effective Date, as a matter of English law, the company and its relevant creditors will be bound by the Scheme whether or not they voted to support the Scheme.

Who will be affected by this Scheme?

10. This Scheme will apply to all Policyholders in respect of any Scheme Claim they wish to pursue against the Company.

What is a Scheme Claim?

11. A Scheme Claim is any claim that a Policyholder wishes to make against the Company under the relevant Insurance Policies. The Insurance Policies are the portfolio of Italian or Spanish contracts of insurance that were originally written by QBE Insurance (Europe) Limited and transferred to the Company in 2018. These claims primarily

consist of claims arising for medical malpractice. It should be noted, however, that certain claims under such Insurance Policies will be excluded from the Scheme.

Who is excluded from the Scheme?

12. The Scheme does not apply to any Policyholder or other person with a claim against the Company that is not a Scheme Claim. For further information, please see further Part C, paragraph 3 on page 41 below.

How does the Scheme work?

13. If the Scheme becomes effective, it will do the following main things:
 - (a) Policyholders will not be allowed to commence or continue any proceedings against the Company to determine the existence or amount of their claim, or to require payment of any valid claim;
 - (b) all Policyholders who have Scheme Claims will be invited to make those Scheme Claims within six months of the Effective Date (the **Claims Deadline**). It is not yet certain when the Claims Deadline will be, but the Company's current expectation is that this will be in the first quarter of 2025. If the Scheme becomes effective, the Company will let Policyholders know the exact date of the Claims Deadline. After the Claims Deadline, Policyholders will not be allowed to make any Scheme Claims and will not receive any payments for any Scheme Claims even if those claims would otherwise have been valid. A Scheme Claim not received by the Company on a Claim Form by the Claims Deadline shall be fully and finally released;
 - (c) all Scheme Claims made by the Claims Deadline will be considered by the Company and the Company will seek to agree the Policyholder's Scheme Claim with the Policyholder. If it is not possible to reach agreement between the Policyholder and the Company as to the existence or amount of the Scheme Claim, the Scheme Claim will be sent to an independent person (called the **Scheme Adjudicator**) for consideration. The Scheme Adjudicator will decide if the Scheme Claim is valid and, if it is valid, the amount of it. The amount determined to be owing by the Scheme Adjudicator will be the amount owed by the Company to the Policyholder. Scheme Claims (including the amount of any relevant deductibles) that are either agreed between the Company and the Policyholder, or otherwise determined by the independent Scheme Adjudicator to be valid, subject to any relevant deductibles, are called **Ascertained Scheme Claims**. Once a Policyholder's Ascertained Scheme Claim has been determined in accordance with the Scheme, such Policyholder releases and discharges all claims against the Company under any Insurance Policy, save for its Ascertained Scheme Claim;
 - (d) the Company's available assets (the **Scheme Assets**) will be used to pay for Ascertained Scheme Claims. The Scheme Assets are the assets of the Company that remain after paying or providing for certain liabilities of the Company, other than Scheme Claims (as described in Part C, paragraph 3 on page 41 below). Scheme Assets include the capital reserved by the Company for its MCR;

- (e) Policyholders' rights to receive payment for any Ascertained Scheme Claims will be limited to the Scheme Assets. Where there are insufficient Scheme Assets to pay Ascertained Scheme Claims in full, the Company will use reasonable endeavours to ensure that Ascertained Scheme Claims will be paid proportionately; and
- (f) once a Policyholder has received all payments to be made to it for its Ascertained Scheme Claim in accordance with the terms of the Scheme, the relevant Policyholder will have no further claims against the Company in respect of that Ascertained Scheme Claim and such claim will be fully and finally settled.

What are Policyholders expected to receive under the Scheme?

- 14. Ascertained Scheme Claims will be paid in full where there are sufficient Scheme Assets to make that payment. As noted above, however, where there are insufficient Scheme Assets to pay Ascertained Scheme Claims in full, Policyholders will share in the Scheme Assets proportionately. The Company shall not be required to pay or provide for any Scheme Claim beyond the amount of the Scheme Assets.
- 15. Based on the Company's current estimates, it expects that there will be sufficient Scheme Assets to pay Policyholders in full for their Ascertained Scheme Claims. However, the Company's ultimate financial position remains uncertain.
- 16. The payment of Scheme Claims is currently paused and has been since 15 April 2024 to ensure that all Policyholders are treated equally. If the Scheme becomes effective, the Company expects to start to make payments to Policyholders with Ascertained Scheme Claims by May 2025 and for all payments in respect of Ascertained Scheme Claims to have been made by December 2025.

What happens if the Scheme does not go ahead?

- 17. If the Scheme does not go ahead, the Company will enter into insolvent Administration proceedings in England shortly.
- 18. If the Company enters into insolvency proceedings, based on its current estimates, the Company believes that Policyholders would receive approximately 71% - 79% of the amount that they are owed. This is less than the amount that Policyholders are estimated to receive under the Scheme.
- 19. These conclusions are supported by a counterfactual report dated June 2023 prepared by EY and an independent report prepared by Interpath Limited dated 28 July 2023 (as further discussed at Part D, paragraph 5 on page 56 below) and the Company's updated forecasts.

Estimated cash payment in the different scenarios compared

Scenario	Current estimated approximate percentage payment
<i>Scheme</i>	100%
<i>Insolvency proceedings</i>	71 – 79%

What are the advantages and disadvantages of the Scheme?

20. The Company has identified the following advantages and disadvantages of the Scheme. Based on these advantages and disadvantages, the Company recommends that Policyholders vote in favour of the Scheme.
21. The advantages are that:
- (a) Policyholders with Ascertained Scheme Claims are more likely to receive the full amount of their Ascertained Scheme Claim (and in any event are expected to receive a larger payment under the Scheme than they would receive if the Scheme does not go ahead);
 - (b) The Scheme provides a convenient and streamlined process for making Scheme Claims;
 - (c) If a Policyholder disagrees with the assessment of its Scheme Claim, a streamlined and cost-effective independent adjudication process is set out in the Scheme;
 - (d) The Policyholder will receive the same percentage payment for its Ascertained Scheme Claim as other Policyholders receive. This means that their Scheme Claim will be treated fairly together with all other Scheme Claims.
22. The disadvantages of the Scheme are that:
- (a) Policyholders who do not make a Scheme Claim by the Claims Deadline will not receive any payment for it and will not be able to reduce the amount that they may owe in respect of any deductible or other amount;
 - (b) Claims under the Insurance Policies will be estimated based on the Claims Methodology. Whilst the Claims Methodology has been designed to value each Scheme Claim as accurately and fairly as possible and largely follows the same claims methodology as would be applied in the ordinary course of business, there is a risk that Policyholders may receive a different amount (either more or less) in respect of those Scheme Claims than would have been the case had such Scheme Claims been run-off in the ordinary course of business. However, given the fact that a run-off in the ordinary course of business is expected to result in the insolvency of the Company, which is likely to result in a reduced payment to Policyholders, it is likely that some form of scheme of arrangement will ultimately be necessary;

- (c) Policyholders will no longer be able to bring any court action against the Company for a Scheme Claim; and
- (d) If all Ascertained Scheme Claims are paid in full, the Company may have surplus assets. These surplus assets will be available to the Company to apply as it considers best and, where the Company has no further liabilities, may result in a return to its shareholder.

What happens if a Policyholder makes a claim under an Insurance Policy now?

23. Any claim that is made from 15 April 2024 onwards will be automatically submitted as a claim in the Scheme, if the Scheme becomes effective.

What is the Company asking Policyholders to do?

24. The Company is asking Policyholders who are affected by the Scheme to:
- (a) vote on the Scheme; and
 - (b) make their Scheme Claim on a Claim Form by the Claims Deadline, if the Scheme becomes effective.
25. All of these steps are explained in further detail in this document. If any Policyholder requires any assistance with voting on the Scheme or making a claim in the Scheme if it becomes effective, they can contact the Company using the contact details provided at paragraph 37 below.

Voting on the Scheme

26. The Company is encouraging all Policyholders to vote on the Scheme (although they do not have to do so if they do not want to). The Company considers that the Scheme provides a cost effective, fair and expert way to determine Scheme Claims for Policyholders. By voting on the Scheme, a Policyholder agrees to their Scheme Claims being determined in accordance with the terms of the Scheme and paid with the Company's Scheme Assets. By voting on the Scheme on a Voting Form by the Voting Deadline, the Policyholder can also choose to have their Voting Form treated as a Claim Form by ticking the relevant box.
27. If a Policyholder does not like the Scheme, they can vote against it. They can also object to the Scheme as described in Part G (*Your Rights to Object to the Scheme*). However, if the Scheme becomes effective, the Policyholder will be bound by its terms, even if they voted against it, objected to it or did not vote at all.

How can Policyholders vote on the Scheme?

28. Policyholders may vote whether or not they attend the Scheme Meeting. In order to vote on the Scheme, a Policyholder may download a Voting Form from the Website (or request a copy to be e-mailed or posted), complete it and then return it by email or post to the Company by 5.00 p.m. (London time) or 6.00 p.m. (CET) on 25 June 2024

(Voting Deadline). Further information on how to vote is provided in Part F (*Arrangements for Voting*).

Recommendation to vote for the Scheme

The Company recommends that Policyholders vote for the Scheme. The Company believes that the Scheme is the best option for Policyholders because the Scheme provides the best chance to maximise the amount that is available to pay to Policyholders and increase the likelihood that all Policyholders will receive full value for their Ascertained Scheme Claim.

What happens after the Policyholders have voted?

29. The Scheme is approved by Policyholders if more than 50% in number, representing at least 75% in value of Policyholders voting, vote for it. If enough Policyholders vote in favour of the Scheme, the Company will ask the English Court to approve it. The English Court will consider whether or not to approve the Scheme and will only approve it if it believes that the legal requirements for doing so are met and the Scheme is fair. If the English Court does not approve the Scheme, it will not become effective.
30. If the Scheme becomes effective, the Company will inform Policyholders of the Claims Deadline within 21 days. Such notice shall confirm the Claims Deadline and invite Policyholders to make a Scheme Claim. Policyholders will have to make that Scheme Claim by the Claims Deadline (unless that Policyholder voted on the Scheme and elected to have its Voting Form treated as a Claim Form in the Scheme, or otherwise automatically had their claim submitted in the Scheme as described in paragraph 23 above). If a Policyholder does not make a Scheme Claim before the Claims Deadline they will not be allowed to make any Scheme Claim after that date and they will not receive any payments for any Scheme Claim that would otherwise have been valid. Instead that Scheme Claim will be valued at zero and fully and finally released.
31. Under the Scheme, the Company estimates that Policyholders with Ascertained Scheme Claims will start to receive payments by May 2025 and receive payment in full for those Ascertained Scheme Claims, in or around December 2025.
32. If Policyholders vote against the Scheme or the Court does not approve it, the Company believes that it would likely have no option but to enter into Administration proceedings shortly. In this case, the Company estimates that Policyholders will ultimately receive between 71% and 79% of their Ascertained Scheme Claims after going through a very similar Scheme submission process in the Administration.

Directors' interests

33. Under Part 26, the Company is required to give Policyholders certain information about its directors, and their interests in the Scheme.
34. The Company's executive directors are James Bolton and Sean McDermott. The company's non-executive directors are Mark Charles Batten and Andrew James Thompson.

35. The non-executive directors are paid their salaries and expenses by the Company in the ordinary course of business. The Directors will also be granted certain releases in respect of the formulation, negotiation, entry into and implementation of the Scheme on the Effective Date of the Scheme. Such releases are customary in schemes of arrangement of this nature. These releases do not have the effect of releasing the Company from any Scheme Claim nor the Directors in respect of any fraud, wilful misconduct, gross negligence, or dishonesty.
36. Other than as described above, none of the Directors are owed money by the Company. The Company's executive directors hold shares in Bacchus Holdings Limited, the Company's ultimate parent company. Bacchus Holdings Limited is also the holding company for EI Flow. The executive directors are also directors of Bacchus Holdings Limited. Sean McDermott is also a director of EIFlow, and James Bolton is an alternate director at EIFlow.

How can a Policyholder contact the Company about the Scheme?










37. Any questions about the Scheme, this document or how to vote should be addressed to the Company using the details below.

Contact method	Contact details
Website	reliance-national-insurance-company-europe.co.uk
Email	RNICEScheme@Premiare.uk
Phone	+44 20 4566 5673
Address	Reliance National Insurance Company (Europe) Limited c/o Premia UK Services Company Ltd 2 Minster Court Mincing Lane London, EC3R 7BB England

Yours faithfully

Reliance National Insurance Company (Europe) Limited

Timeline of events up to the Effective Date of the Scheme

Time and date 		Event 
15 April 2024		The 'Practice Statement Letter' was made available
13 May 2024	 	The First Court Hearing At this hearing the Company asked for the English Court's permission to hold the Scheme Meeting so that Policyholders can consider and vote on the Scheme.
From 17 May 2024		This document was made available to Policyholders Please review and consider this document carefully. The Company is happy to respond to any questions Policyholders may have. Policyholders can find our contact details on page 5.
Until 5 p.m. (London time) on 25 June 2024		Voting Period Policyholders can vote on the Scheme. See Part F (<i>Arrangements for Voting</i>) on page 62 for information on how to vote. If Policyholders want to attend the Scheme Meeting, Policyholders must pre-register to attend by this time.
10.00 am. (London time) / 11.00 a.m. Central European Time, 28 June 2024		Scheme Meeting Policyholders can attend the Scheme Meeting to hear and join in discussions about the Scheme, raise any questions and vote on the Scheme.
22 July 2024		The Second Court Hearing The date of this Court hearing will depend on whether the votes made at the Scheme Meeting need to be reviewed by an independent person called an Independent Vote Assessor for assessment. However, If the relevant majorities Policyholders vote in favour of the Scheme, the Company will ask the English Court to approve the Scheme. Policyholders can attend this hearing. Policyholders can object to the Scheme at this hearing.
23 July 2024		Effective Date If the English Court approves the Scheme, the Company expects the Scheme to become effective shortly after the Second Court Hearing. The Company will let Policyholders know the exact Effective Date if the Scheme is approved by the English Court.

PART B – COMPANY BACKGROUND AND BUSINESS OVERVIEW

Corporate History

1. The Company was incorporated on 29 August 1979 under the name San Francisco Insurance Company (U.K.) Limited with registered number 01445992. It traded from that time up to and including 1986, when it ceased underwriting. It did not trade in 1987 or 1988. In February 1989, its insurance business was transferred to St Paul Fire and Marine Insurance Company (U.K.) Limited. The transfer was approved by the Secretary of State for Trade and Industry. All claims in the name of San Francisco Insurance Company (U.K.) Limited then became liabilities of St Paul Fire and Marine Insurance Company (U.K.) Limited after the transfer. No liability in relation to this period remains with the Company.
2. The Company was not authorised and did not trade in 1989 or 1990.
3. On 15 February 1991 the Company was acquired by Reliance Group Holdings Inc., an insurance group based in the USA via its intermediate holding company Reliance National (UK) Limited. It was reauthorised to trade on 27 February 1991. The Company changed its name to Reliance National Insurance Company (UK) Limited on 1 March 1991. It then recommenced underwriting insurance business, writing a number of different classes of specialty insurance and reinsurance business including marine, property, liability, financial lines and accident and health. The Company changed its name to Reliance National Insurance Company (Europe) Limited on 30 September 1996.
4. On 15 January 2001 the Company informed its then regulator, the Financial Services Authority that it had resolved to cease underwriting. The Company's ultimate holding company, Reliance Group Holdings Inc., filed for Chapter 11 bankruptcy protection in the United States of America on 11 June 2001 and was placed into liquidation on 3 October 2001. The Company voluntarily surrendered its licenses on 29 November 2001.
5. Following Reliance Group Holding Inc being placed into liquidation, the Company was acquired in October 2003 by Whittington Investments (Guernsey) Limited, a company incorporated in Guernsey.
6. In 2006 the Company implemented a solvent scheme of arrangement (the **2006 Scheme**) under Section 425 of the Companies Act 1985 which had the effect of settling the vast majority of the Company's claim liabilities, with the final scheme claims being settled in August 2012. Policies excluded from that scheme primarily related to the Employers Liability (Compulsory Insurance) Act 1969 which were not suitable for inclusion.
7. The Company was subsequently purchased by ILS Property & Casualty Re Ltd, a Bermuda licensed and incorporated insurer, following regulatory approval of the change in control on 2 October 2013. In July 2023, ILS Property & Casualty Re Ltd disposed of its holding in the Company to Quest Group Holdings Limited (**Quest**).
8. Although the Company's last year of actively underwriting new business was 2001, the Company assumed a portfolio of Italian and Spanish insurance policies originally

written by QBE Insurance (Europe) Limited (**QBE**) via a transfer under Part VII of the Financial Services and Markets Act 2000 of England and Wales (the **Part VII Transfer**). Information relating to the Part VII Transfer is available at <https://qbееurope.com/qie-rnice-part-vii-information/>. The liabilities arising from these policies represent the remaining active insurance liabilities of the Company and are the subject of the proposed Scheme.

9. On 15 April 2020, the Company declared, and then paid on 17 April 2020, a dividend of £10 million (USD 12.5 million in the 2020 financial statements) to the Company's shareholders with a view to supporting the shareholder's group wider capital needs. The dividend was declared based on the Company's 2019 accounts, which showed net assets of USD 78.7 million at the time the accounts were signed in September 2020. In the 2020 accounts, the 2019 result was subsequently restated by a prior year adjustment which had the effect of reducing the net assets to USD 73.1 million as at 31 December 2019. The dividend was considered and approved by the board of directors in line with relevant requirements at the time. The Company held capital in excess of what was expected to be required to settle all remaining claims and costs for the duration of the run-off whilst continuing to meet its solvency capital requirement. The dividend was paid after having made the Company's regulator, the PRA, aware of the intention and no objection was received. No other dividends have been made.
10. The claims management of the Company's run-off of its insurance liabilities is outsourced under a Services Agreement to Premia UK Service Company Limited, a UK registered Company (**Premia**), with all non-claims services outsourced to Quest Consulting (London) Limited (**Quest Consulting**).

Regulatory Approvals

11. The Company is currently regulated in the United Kingdom by the PRA and the Financial Conduct Authority (the **FCA**) and is a "PRA-authorised person", as defined in section 2B(5) of the Financial Services and Markets Act 2000 (firm reference number 202329). The Company was previously regulated by the predecessors to the PRA and FCA, namely the Financial Services Authority and, prior to that, Her Majesty's Treasury.
12. The policies transferred to the Company in November 2018 were written by QBE, a UK regulated insurer, under freedom of services arrangements then available to European Economic Area regulated insurers. Business written between 2002 and 2009 was underwritten from the UK, while between 2009 and 2013 it was underwritten by QBE's Italian and Spanish branches. Following the exit of the UK from the European Union the Company received:
 - (a) confirmation from the Italian regulator that no further authorisation was required to carry out the administration of the run-off of its Italian policies; and
 - (b) a temporary extension to its permission to carry out the administration of the run-off of its Spanish policies under transitional arrangements which expired on 31 December 2022. Despite Company requests to the Spanish regulator, no further update has been received.

Business Overview

The Insurance Policies

13. The insurance liabilities of the Company almost all relate to Italian and Spanish medical malpractice insurance policies transferred into the Company from QBE in November 2018. The Insurance Policies provide coverage to public and private hospitals, doctors, other healthcare institutions and public health authorities in respect of claims made against them by third parties, normally patients (**Third-Party Claimants**) for damages that have occurred as a result of certain actions of those persons (the **Third-Party Claims**). The circumstances underlying each Third-Party Claim may be complex, and a high proportion of such claims involve ongoing litigation (mainly in Italy) between the Third-Party Claimant and the Policyholder. Such claims are often difficult to assess, whether in terms of liability or quantum. Due to these issues, the continuing claims are costly in terms of litigation and other fees (e.g. of medical and other experts) and have proved difficult to conclude. As explained further below, this means that the Company's resources are now considered by the Directors to be inadequate to continue the insurance business of the Company in the ordinary course.
14. The Insurance Policies were written on a "claims made" basis. This means that, in order to benefit from the coverage provided by the Insurance Policy, an initial Third-Party Claim must be notified by the Third-Party Claimant to the Policyholder within the period specified in the Insurance Policy (the **Claimant Notification Period**). The Policyholder is then obliged to notify the Company of that Third-Party Claim within a further defined period) (the **Policyholder Notification Period** and, together with the Claimant Notification Period, the **Policy Period**).
15. The Policy Period may be different under different Insurance Policies. However, the last of the Claimant Notification Periods was in December 2013 and the last of the Policyholder Notification Periods was in January 2014. The Company therefore considers it extremely unlikely that any new claims will arise under the terms of the Insurance Policies (see further below). Where no claim has previously been made by a Policyholder, any new claim would be outside the Policy Period and therefore rejected by the Company.
16. Coverage under these Insurance Policies operates under a mixture of terms, including:
 - (a) Insurance Policies where the Company's liability attaches above a deductible, with the Company paying the full amount of the Third-Party Claim against the Policyholder directly to the Third-Party Claimant and subsequently recovering the amount of any deductible specified in the Insurance Policy from the Policyholder; and
 - (b) Insurance Policies where the Company's liability attaches above a self-insured retention, with the Company paying the claim amount in excess of the self-insured retention specified in the Insurance Policy.
17. The Company categorises Policyholder claims into Open Claims or Closed Claims. A single Policyholder may have both Open Claims and Closed Claims

18. As at 31 March 2024, the Company has a total of 333 Open Claims in respect of the Insurance Policies. Where a Policyholder has notified the Company of a claim, and that claim:
- (a) has not been settled;
 - (b) is still subject to a determination by a Court (including by way of appeal);
 - (c) has not been closed for dormancy,
- the Policyholder is treated as having an **"Open Claim"**.
19. As at 31 March 2024, the Company recorded:
- (a) in Italy: 322 Open Claims arising from 59 Policyholders (the **"Italian Open Claims"**); and
 - (b) in Spain: 11 Open Claims arising from 2 Policyholders (the **"Spanish Open Claims"**).
20. A Policyholder is treated as having a **"Closed Claim"** where they have notified the Company of a claim within the Policy Period of an Insurance Policy, but:
- (a) the Policyholder's claim has been settled by agreement between the Policyholder and Company or is subject to a final determination by the Court. Where a claim has been settled or determined by the Court, the Company considers that no further claim can be made by that Policyholder; or
 - (b) the claim has been closed for dormancy,

The Company has identified 67 Policyholders with Closed Claims only and 61 Policyholders with both Open Claims and Closed Claims.

UK Employers' Liability Policies

21. At present, the Company is also liable for 4,337 UK policies underwritten between 1991 and 2001 in respect of the Employers Liability (Compulsory Insurance) Act 1969 (the **UK Employers' Liability Policies**) which were not suitable for inclusion in the Company's 2006 Scheme. The majority of these policies were written on a subscription market basis, with primary responsibility for the underwriting and management of each policy residing with a lead underwriter other than the Company. The Company is aware of three remaining employers' liability claims, and has settled one of these three claims.
22. The UK Employers' Liability Policies are not included within the Scheme because:
- (a) claims under any UK Employers' Liability Policies are difficult to predict and have a long potential tail. Due to this uncertainty, the Company does not consider that such policies are suitable for inclusion within the proposed Scheme;
 - (b) given their compulsory nature there is a question as to whether claims under such policies could legally be the subject of a compromise in the Scheme;

- (c) given the likelihood that they would benefit from FSCS protection, it is unlikely that the claims under such policies could be compromised in the same class as the Policyholder claims under the Insurance Policies (which do not benefit from such protection). This would therefore complicate the Scheme and make it more expensive to implement; and
 - (d) the current absence of significant numbers of claims would make it difficult and expensive to identify holders of the UK Employers' Liability Policies (the **UK Employers' Liability Policyholders**) to actively participate and vote on the Scheme in their specific class.
23. Notwithstanding that the UK Employers' Liability Policies are not to be the subject of the Scheme, it was nevertheless necessary to put in place a plan for dealing with such policies because, without such a plan, it would not be possible to bring finality to the Company's insurance business and enable all of the Company's available capital to be applied to meet Ascertained Scheme Claims arising under the Scheme (as is necessary in order to pay all such claims in full).
24. In order to deal with this issue, prior to the sale of the Company to Quest, the Company considered various options including:
- (a) selling the whole of the Company's insurance business to Premia (Premia ultimately declined to purchase such business); and
 - (b) exploring the possibility of other parties assuming these liabilities.
- In both options, the Company's business and the liabilities were marketed, but no interest was received from other parties, and accordingly neither option was therefore possible.
25. The option settled upon was that the Company would enter into an agreement with EIFlow Insurance Limited (**EIFlow**), an insurance company in the Quest group. Under the terms of that agreement (the **Bilateral Agreement**), in return for a one-off payment by the Company to EIFlow of £1,000,000 (**Consideration**), EIFlow will agree to:
- (a) carry out any claims handling required to consider the claims of the UK Employers' Liability Policyholders or otherwise procure that such claims handling is undertaken;
 - (b) take primary responsibility for settling any valid indemnity claims and related costs arising from claims made by UK Employers' Liability Policyholders under the UK Employers' Liability Policies;
 - (c) pay the Company any amount that it pays, or is required to pay, to a UK Employers' Liability Policyholder under a UK Employers' Liability Policy;
 - (d) carry out any other regulated activity that arises in respect of dealing with the business related to the UK Employers' Liability Policies; and
 - (e) deal with, and pay, any complaints and liabilities that might arise in respect of the UK Employers' Liability Policies.

26. Pursuant to these arrangements, EIFlow will enter into a deed poll (the **Deed Poll**) in favour of the UK Employers' Liability Policyholders under which it will irrevocably agree to pay to each UK Employers' Liability Policyholder all sums due and payable to that UK Employers' Liability Policyholder pursuant to a valid indemnity claim under a UK Employers' Liability Policy, as a primary obligation.
27. The key effect of these arrangements on EIFlow is that:
- (a) EIFlow will have a primary irrevocable and enforceable obligation to the UK Employers' Liability Policyholders to meet their valid claims arising under and in accordance with the UK Employers' Liability Policy. These obligations will be enforceable as against EIFlow by the UK Employers' Liability Policyholders;
 - (b) EIFlow will have an obligation to the Company such that, even if the Company were to pay an underlying valid indemnity claim of an UK Employers' Liability Policyholder under an UK Employers' Liability Policy, EIFlow would be obliged to indemnify the Company for any amount so paid; and
 - (c) EIFlow would be obliged to carry out the regulated activities required to carry out the business in relation to the UK Employers' Liability Policies.
28. The Consideration payable in respect of these arrangements is considered by the Directors to be appropriate because:
- (a) the obligation taken on by EIFlow will require it to carry on the run-off of the UK Employers' Liability Policies for many more years, absorbing capital and attracting costs;
 - (b) EIFlow will also carry the risk of claims arising in the future, which cumulatively over time could exceed the Consideration;
 - (c) importantly for the Company, the proposal for which the Consideration is to be paid allows the remaining financial resources of the Company to be applied to the Ascertained Scheme Claims, which the Company expects to be able to pay in full (even after the payment of the Consideration);
 - (d) no other party expressed an interest in taking on these liabilities (and, accordingly, there was no option to pay a lower amount for the Consideration, whilst nevertheless achieving the same result); and
 - (e) in a continued ordinary course run-off, the Company's estimated reserve for future costs of managing the UK Employers' Liability Policies is €5 million (which amount would need to cover management costs, audit costs, claims handling costs and regulatory fees). Accordingly, the proposed arrangements potentially represent a cost saving to the Company of approximately €4 million before considering the costs of any such indemnity claims arising.
29. It should be noted that the Company and EIFlow will not enter into the arrangements described in paragraphs 25 to 27 above if the Policyholders do not vote in favour of the Scheme or the Court does not sanction the Scheme.

30. Following the acquisition of the Company by Reliance National (UK) Limited and it recommencing underwriting in 1991, the Company joined the Institute of London Underwriters (the **ILU**). The ILU, which was a trade association, provided a marketplace for insurance companies to underwrite in the ILU building in London. In order to underwrite in the ILU's premises, the Company was required to provide a guarantee to the ILU in the form of a letter of credit. The current value of the letter of credit is £319,750 and the Company carries a matching liability in the "Other liabilities" entry of its financial statements (see below, paragraph 39). The letter of credit provides security in respect of potential liabilities arising in respect of the UK Employers' Liability Policies (which potential liabilities will continue under the arrangements described above). Accordingly, the letter of credit is not an asset that will be available to pay for Scheme Claims once they become Ascertained Scheme Claims in any event (and the projected payments to Policyholders are unaffected by this). Indeed it is possible that the ILU will require the letter of credit and matching liability to be transferred to EIFlow as the provider of the replacement insurance under the proposed arrangement described above.

Events leading to the decision to implement a Scheme of Arrangement

The Company's latest financial information

31. The Company's three most recent balance sheets are as follows:

€ million	Audited 31/12/21 (rounded)	Audited 30/06/23 (rounded)	Unaudited 31/12/23 (rounded)	See para
Assets				
Cash and deposits	58	25.5	20.1	32
Deductibles asset	3.7	1.6	1.4	33
Reinsurers' share of provisions	0.2	0.9	0.9	34
Reserve for recoveries	0.0	4.5	4.6	35
Reserve for cost recoveries	0.0	0.3	0.6	35
Other assets	0.0	0.0	0.0	
Total assets	61.9	32.9	27.6	
Equity				
Share capital	54.0	54.0	54.0	

€ million	Audited 31/12/21 (rounded)	Audited 30/06/23 (rounded)	Unaudited 31/12/23 (rounded)	See para
Retained earnings/ Surplus	(46.7)	(50.5)	(51.9)	
Total equity	7.3	3.5	2.1	40
Liabilities				
Gross outstanding losses	67.5	33.5	32.6	36
Reserve for deductibles	(25.2)	(14.4)	(14.3)	37
ALAE	7.7	4.1	3.6	38
ULAE	2.1	2.6	1.9	38
Other liabilities	2.5	3.5	1.7	39
Total liabilities	54.6	29.3	25.5	

A summary of the Company's financial statements between 2017 and 30 June 2023, management accounts for the six months to 31 December 2023 and draft accounts for the three months to 31 March 2024 are also provided at Appendix 6 below, for further information.

32. **Cash and deposits:** The Company's cash and deposits as at 31 December 2023 consist of:

- (a) cash at the bank of €12.8 million, of which €11.4 million was held in short duration (one month or less) fixed income deposits; and
- (b) investments of €7.3 million.

The Company's investments include fixed income bonds that are held to maturity. The investment bonds will expire at different times over the coming year with the last bond set to mature in January 2025. As at 1 January 2024, over 98% of the Company's available assets were located in England. The Company does operate a bank account in Italy, but this is principally to receive any recoveries in relation to claims brought by Policyholders located in Italy. The Company's managers are instructed to sweep this account regularly (at least once a week, and upon receipt of amounts over €5,000), so

that the account only holds more than €5,000 on very few occasions for a very limited time.

33. **Deductibles asset:** The deductibles asset (€1.4 million) is the amount recoverable by the Company, as at 31 December 2023, from those Policyholders whose claim under a relevant Insurance Policy was paid by the Company direct to Third-Party Claimants gross of the deductible that was otherwise payable by the Policyholder under that Insurance Policy. The amount due is identified Insurance Policy by Insurance Policy and is reconciled between Quest and Premia each month.
34. **Reinsurers' share of provisions:** The Company has limited reinsurance available, however one outstanding claim is covered by reinsurance and the reinsurance recovery reserve on this claim is €0.9 million, which matches the amount of the outstanding claim in the Company's records. The value held is advised to the Quest Consulting finance team by Premia. The value is advised to the Quest Consulting's finance team by Premia.
35. **Reserve for recoveries / Reserve for cost recoveries:** The Company has made provision for potential recoveries in relation to Third-Party Claims and their associated legal costs. An example of a potential recovery is where the Company has previously paid an award determined by the Italian Court in respect of a Policyholder's claim. If the Company appeals such judgment, and is successful in that appeal, this would result in the Company being entitled to make a recovery of the judgment previously paid. A total of €5.2 million has been reserved for potential recoveries and cost recoveries, which is based on the amounts that the Company has recovered in previous years. This amount comprises management estimates against 28 potential recoveries, and is discussed and analysed at regular meetings between the Company's Directors and Premia.
36. **Gross outstanding losses:** As at 31 December 2023, the Company held gross claim reserves of €32.6 million (inclusive of €2.7 million reserved for incurred but not reported claims (**IBNR**)). Although such claims are not typical "IBNR" claims (i.e. claims unknown to the claimant, like latent asbestosis claims) but what are described in the insurance industry as "**IBNER**" claims, i.e. incurred but not enough reported. An example of IBNER, is where the Policyholder knows of the Third-Party Claim (the patient's claims), and has reported this claim to the Company within the Policy Period, but either the patient may add to the claim (for example by increasing the damages claimed), or there may be a new claimant in respect of the events giving rise patient's claim (for example from a family member). The Company's Gross outstanding losses reflect the value of the claims under the Insurance Policies that the Company expects to pay, with an additional reserve for unexpected developments in relation to these claims (the IBNER claims). Each outstanding claim carries a reserve value advised by the Company's third-party administrator¹ having had access to any legal and cost advice. However, each actual settled claim can vary significantly from its prior reserve due to different determinations made by Italian courts.
37. **Reserve for deductibles:** As at 31 December 2023, the Company has recognised potential deductibles in relation to the claims that have been brought against the

¹ A third-party administrator is a company appointed by the Company to provide operational services such as claims processing.

Company, that would off-set the value of the claims brought against the Company by €14.3 million. The deductible reserve on each individual claim is carried in the accounts at the lower of (i) the deductible under the Insurance Policy or (ii) the underlying outstanding claim.

38. **ALAE / ULAE:** The Company's costs and expenses include:
- (a) expenses incurred in Italy and Spain for legal advice, medical experts, tax and other direct claims services in relation to the Insurance Policies (the Allocated Loss Adjustment Expenses (**ALAE**), including the costs reserve in relation to the Open Claims and Closed Claims where QBE is the named litigant); and
 - (b) management and staff costs including the claims handling team and professional adviser costs as well as Solvency II reporting costs which include entity management costs, such as audit fees, irrecoverable VAT and other indirect expenses including costs in relation to pursuing the Scheme (the Unallocated Loss Adjustment Expenses (**ULAE**)).
39. **Other liabilities:** The Company's other liabilities include insurance and sundry creditors, accrued liabilities, accounts payable and the ILU matching liability described at paragraph 29 above.
40. **Total equity:** The balance sheet position of the Company reflected in its management and audited accounts has shown a deteriorating trend since 2021, with the balance sheet as at 31 December 2023 indicating total equity of €2.1 million and this falling further to £1.2 million in the draft management accounts as at 31 March 2024. The Directors believe, however, that the Company is in fact balance sheet insolvent as at the present date or is likely to become so given the matters set out below, and in paragraph 44 onwards which explain why it is anticipated that, given the level of anticipated claims and costs/expenses to be incurred, the Company would be unlikely to be able to meet all claims in full if it continues to trade outside an administration process:
- (a) **Additional costs.** The ULAE provision only covers the costs of Premia and Quest, it does not include the Company's other costs, including legal and adviser costs. Total additional costs not provided for in the balance sheet amounted to €1.6m as at 31 December 2023. These costs include:

Cost / Fee	€'m
Scheme legal cost	0.8
Scheme adviser cost	0.2
Non-executive director fees	0.4
Audit and other costs	0.2
Total	1.6

As at the date of this statement, the Company had received fee billings in 2024 from its legal and scheme advisers amounting to in excess of €1.0 million.

- (b) **ALAE.** The ALAE provision assumes that the Scheme is implemented. The Company estimates that the ALAE provision would need to be increased by €1.9 million if the Scheme is not implemented.
- (c) **Gross outstanding claims.** Gross outstanding claims are subject to material uncertainty from the Italian courts. In the first quarter of 2024 the Company has been subject to two material adverse decisions in court that are being appealed. The Company's reserves for gross outstanding losses do not include these material adverse court judgments, which amount to approximately €2.0 million (although the Company does make provision for unexpected developments, such as adverse court judgments, in its IBNR reserve).
- (d) **Reserve for recoveries.** The Company carries an asset of €4.6 million in respect of appeals against court judgements where it has already paid the underlying claim. These recoveries are subject to material uncertainty as they are reliant on (i) the appeals court overturning the original judgment and (ii) the claimant still holding sufficient funds to be able to pay an appeal judgment.

Material deterioration in the Company's financial position

- 41. The Company's audited financial statements for 2018 confirm that the transfer of the QBE business completed on 21 November 2018, with the Company receiving assets amounting to USD 135.6 million. As at 31 December 2018, the Company held outstanding claims reserves of USD 66.7 million and held net assets of USD 80.0 million.
- 42. However, there followed a three-year period of underwriting losses, caused by claims deterioration, of US\$4.4 million in 2019, US\$21.4 million in 2020 and €23.8 million in 2021. The following table provides an analysis of the underwriting results for this period:

Underwriting profit/(loss)	2019	2020	2021	30/06/ 2022	31/12/ 2022	30/03/ 2024
	US\$'M	US\$'M	€'M	€'M	€'M	€'M
Claims paid net of reinsurance	(15.6)	(12.9)	(26.7)	(29.9)	(3.1)	(2.3)
Change in provision for claims	13.2	(5.1)	(1.1)	31.7	1.8	1.3
Change in provision for ULAE	(2.0)	(3.4)	4.0	(5.2)	(0.8)	-
Underwriting profit/(loss)	(4.4)	(21.4)	(23.8)	(3.4)	(2.1)	(1.0)

43. The Company experienced a material deterioration in its financial position during both 2020 and 2021, the latter of which resulted in a breach of its regulatory capital requirements. The deterioration was caused by:
- (a) a number of adverse litigation outcomes on individual claims; and
 - (b) an increase in estimated future claims costs. This was caused by the Company's change of claims manager to Premia, who carried out a full claims review and strengthened the claims reserves accordingly.
44. Future claim costs represent a considerable estimated liability of the Company. The principal risk faced by the Company is that ultimate claims and expenses are higher than the amounts assumed in the best estimate reserves. There continues to be material uncertainty in the Company's estimates of these costs because such estimates are highly sensitive to a number of different assumptions, including:
- (a) future litigation outcomes on underlying Third-Party Claims;
 - (b) the ability of the Company to enforce coverage exclusions on claims made outside of the Policy Periods;
 - (c) changes in compensation costs awarded by the courts; and
 - (d) impact of future inflation.
45. As a consequence of increased claims and expenses, the Company has no surplus assets available to absorb any unanticipated adverse developments. The Directors consider there to be continuing material uncertainties with respect to the Company's ultimate financial position and ability to meet its liabilities as they fall due. The proposed Scheme provides a solution to resolving these uncertainties, since it will materially reduce future operating costs.
46. The Company is also in breach of its regulatory capital requirements under the Solvency II regime². The Solvency Capital Requirement ("SCR") is the minimum level of capital that an insurance firm is required to hold before there is supervisory intervention by the PRA. The Minimum Capital Requirement ("MCR") is the minimum level of capital that an insurance firm is required to hold before the PRA would most likely remove an insurer's authorisation. The table below sets out the evolution of the Company's key performance indicators since 2021:³

² The Solvency II regime is implemented under Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance.

³ The Company had an 18-month accounting period from 1/1/22 to 30/6/23 so there aren't audited accounts at 31/12/22. This table is based on the Company's audited accounts for 30 June 2023, the management accounts for 31 December 2023 and the Solvency Financial and Condition Report for June 2023 (which can be accessed on the Company's Website).

Key performance indicators (€000s)	Audited 31/12/21	Audited 30/6/23	Unaudited 31/12/23
Gross claims paid	26,689	29,892	3,124
Technical reserves net of deductible	52,078	21,085	18,654
Net assets	7,278	3,526	2,074
SCR coverage (Own Funds/ SCR)	16%	14%	5%
MCR coverage (Own Funds/ MCR)	59%	34%	11%

47. As at 31 December 2023, the Company's required MCR was €4.0 million and required SCR was €8.4 million. As at 31 December, the Company's actual capital held, adjusted for Solvency II and known as "Own Funds", was €0.45 million. Own Funds is the level of net assets adjusted for certain Solvency II provisions, including discounting of outstanding claims, reserving risk and additional costs projected to the end of the lifetime of the Company. The Company's Own Funds figure is calculated as follows:

	€'000
UK GAAP Capital and Reserves	2,074
Additional Solvency II Expense Provision	(1,853)
Add: Events not in Data	-
Discounting of technical provisions	886
Risk margin	(658)
Solvency II Own Funds	449

48. Since the Company's Own Funds is significantly below both the SCR and MCR values, the Company is very seriously in breach of both the SCR and the MCR.
49. The Company has no sources of income other than income from its investments. It is not anticipated that there will be sufficient income from these investments to meet the ongoing operating costs of managing its business, since they are only projected to produce a maximum of €0.5 million per annum and the Company's annual running costs significantly exceed these. Therefore, the ultimate financial position of the Company is sensitive to both future investment returns and to the risk that the time required to settle Policyholders' claims is longer than currently assumed, which would have adverse cost consequences. The Company has also been unsuccessful in seeking additional capital from its shareholder.

What actions has the Company already taken to address its adverse financial position?

50. In 2021 the Company implemented a remediation plan to reduce the uncertainty associated with its exposures, including implementation of an accelerated claims settlement plan (the "**Remediation Plan**"). The key components of this Remediation Plan included:
- (a) a re-assessment of the individual claim case reserving estimation methods and balance sheet provisions held for future liabilities to ensure these represented a realistic best estimate of future indemnity and claims handling costs. The revised approach was validated as appropriate by an independent review commissioned by the Directors;
 - (b) seeking to accelerate the settlement of claims, thereby reducing the litigation risk and costs associated with individual claim exposures. The Company was able to settle 248 claims for a net value of €23.9 million;
 - (c) seeking to commute portfolios of claims with individual policyholders, thereby reducing the remaining claims risk carried by the Company. In order to do this, the Company initially contacted the Policyholders with the largest claims, as well as Policyholders with potentially higher-risk claims and then contacted the remaining Policyholders with Open Claims. Discussions were undertaken with those Policyholders that engaged and requested a commutation offer. However, the Company was only able to agree commutation with seven Policyholders with Open Claims at that time;
 - (d) proactively pursuing recoveries from:
 - (i) third parties who may be liable to contribute in respect of underlying claims; and
 - (ii) claimants following successful appeals which overturned previously enforced verdicts;
 - (e) evaluating the strategic options available to the Company (including seeking additional financial support from its parent) and developing options to further mitigate its risks and reduce the length of time and cost required to manage the run-off of its remaining liabilities via reinsurance or corporate restructuring; and
 - (f) pursuing a sale of the Company to the Premia Group. However, the sale agreement contained contractual closing conditions, including that the Company's net asset value remained above USD 26.8 million until closing. The material deterioration in the Company's claims reserves that occurred in 2021 caused the Company's net asset value to fall beneath USD 26.8 million, and the sale agreement was terminated by the Premia Group.
51. Notwithstanding the positive impact of these initiatives, the Company remains in breach of its regulatory capital requirements and continues to be exposed to material uncertainty with respect to the ultimate cost of claims. Given that there are not expected to be surplus assets available to absorb the third party costs of managing its remaining claims to finality, or material adverse developments in its claims, the Directors do not

consider that the Company, in the absence of the proposed Scheme, will be able to meet its liabilities as they fall due.

The EY Counterfactual

52. The Company engaged EY to prepare a counterfactual analysis in March 2023 based on the Company's available financial information as at that time (31 December 2022) (the "**EY Counterfactual**"). At that time, the Directors were considering whether it would be in the best interests of Policyholders for the Company to pursue a Scheme, and if a Scheme could not be successfully pursued, what the options for the Company would likely be.
53. The EY Counterfactual forecast that a Scheme (which included the sale to Quest described at paragraph 7 above) would achieve a solvent outcome, creating a better outcome than an ordinary course run-off by €6.1 million. The EY Counterfactual set out the following indicative financial outcomes in three Scenarios:

Scenario	Forecast surplus/ (deficit)	End date
Scenario 1 – Natural run-off	(€4.7 million)	2030
Scenario 2 – Solvent Scheme	1.4 million	2027
Scenario 3 – Insolvent Administration and Scheme	(€4.5 million)	2028

54. The EY Counterfactual reached the following conclusions:
- (a) **Scenario 1 – Natural run-off:** a natural run-off of the Company would result in insolvency on a cashflow basis in 2027. The subsequent costs associated with insolvency from appointing an administrator and undertaking a scheme to manage any remaining business at would create a balance sheet deficit of €4.7 million;
 - (b) **Scenario 2 – Solvent Scheme:** there is an improved financial outcome for the Company as the Scheme would curtail the Company's costs of carrying on its run-off business, which would result in a residual balance sheet surplus of €1.4 million for the Company; and
 - (c) **Scenario 3 – Insolvent administration:** a deficit to creditors of €4.5 million is expected in an Administration, which in turn would result in an estimated return to creditors of 81c in the €.
55. On the basis of the conclusions set out in the EY Counterfactual, the Company considered that the proposal of a Scheme would be in the best interests of creditors as a whole as it could reduce the Company's costs of carrying on its run-off business.

The Company's projections

56. The Company's conclusions as regards what would happen if the Scheme is not approved, was informed by setting out its projected balance sheet in the following scenarios:

- (a) run-off in the ordinary course of business;
- (b) Administration (higher and lower estimated projected outcomes); and
- (c) the Scheme.

57. The table below compares each scenario based on the Company's projections as at 31 December 2023 (which assumed that the Scheme would be implemented in May 2024):

€ million	Cont'd run-off	See para	Admin (Higher outcome)	Admin (Lower outcome)	See para	Scheme	See para
	Projected		Projected	Projected		Projected	
Assets							
Cash at 1 January 2024	20.1	32	20.1	20.1	32	20.1	32
Investment income and recoveries	22.2	58	7.8	7.2	63	9.8	71

€ million	Cont'd run-off	See para	Admin (Higher outcome)	Admin (Lower outcome)	See para	Scheme	See para
Liabilities							
Estimated Scheme Claims	-		-	-	-	(17.5)	72
Claims paid pre- PSL	-		-	-	-	(2.5)	73
Estimated insurance claims	(32.6)	59	(20.0)	(20.0)	66	-	-
Administrator costs	-	-	(2.5)	(3.6)	67	-	-
Legal fees			(0.6)	(0.6)			
Costs and expenses	(19.8)	60	(7.4)	(7.4)	68	(8.3)	74
Other liabilities	(1.6)	39	(1.6)	(1.6)	69	(1.6)	39
Net assets/(liabilities)	(11.7)		(4.2)	(5.9)		0.0	
Projected pay out to Policyholders	64%	61	79%	71%	70	100%	

Continued run-off

58. **Investment income and other recoveries:** The Company estimates that its investment income and other recoveries would be greater in an ordinary course run-off (projected to be €22.2 million), compared to if the Scheme is approved (projected to be €9.8 million). This projection is made on the basis that any claims under the Insurance Policies would be paid by the Company gross of any deductibles recoverable from the Policyholders. Such deductibles would be recoveries that the Company would need to separately seek payment for in an ordinary course run-off, and are therefore added to the Company's projected recoveries in a natural run-off. The Company estimates that the deductibles that would be recoverable from Policyholders would amount to €14.3 million, an increase of €11.4 million from the Scheme scenario (where deductibles would be set off in calculating Scheme Claims as described in paragraph 72) and the amount of the deductible provision carried in the Company's accounts as at 31 December 2023. The Company also estimates €1 million of additional investment income will be earned, based on a slower payout of claims liabilities to that envisaged in the Scheme. As a result, in an ordinary course run-off, the Company's projections include an additional €12.4 million of investment income and deductible collections.
59. **Estimated insurance claims:** The value of the claims under the Insurance Policies that the Company expects to pay in an ordinary course run-off are projected to be €32.6

million. This is the value of outstanding claims reserves as at 1 January 2024, gross of any deductibles recoverable from Policyholders. This value is greater than the value of the Estimated Scheme Claims that the Company expects to pay under the proposed Scheme (projected to be €17.5 million), because under the terms of the Scheme, any liabilities of a Policyholder owed to the Company (such as any amount payable in respect of a deductible) are taken into account in the calculation of the value of a Scheme Claim.

60. **Costs and expenses:** The Company expects to incur costs and expenses totalling €19.8 million if the Scheme is not approved, compared to an estimated €8.3 million of costs and expenses if the Scheme is approved. This is because, if the Scheme is not approved, the Company will continue to incur expenses in Italy and Spain for legal advice, court fees, medical experts, and other costs in relation to the Insurance Policies. The Company will also incur costs and expenses in relation to the UK Employers' Liability Policies (which have a long tail estimated at twenty years), as well as management and staff costs and Solvency II reporting costs associated with the Company's continued existence (which include entity management costs, such as audit fees, irrecoverable VAT and other indirect expenses) and ultimately the costs of a liquidation. The total projected costs comprise the following elements:

Projected ultimate costs of the ordinary course run-off	
	€'M
ULAE Costs	8.3
ALAE Costs	5.5
Liquidation costs	1.0
Reserve for future costs of managing the UK EL policies	5.0
	19.8

61. **Projected payout to Policyholders:** Based on the projections set out in the table, the Company estimates that it would meet only 64% of claims made under the Insurance Policies in an ordinary course run-off. This 64% figure has been arrived at by:
- (a) taking total assets" (€42.3 million, which is the total of the Company's cash at 1 January 2024 and its investment income and recoveries)
 - (b) subtracting "Costs and expenses" (€19.8 million) and "Other liabilities" (€1.6 million)
 - (c) resulting in €20.9 million as the value of the Company's remaining assets and then

- (d) dividing those remaining assets by the "Estimated insurance claims" of €32.6 million.

However, in an ordinary course run-off, the continued incurrence of operating expenses and consequential depletion of in the Company's assets would mean that Policyholders with valid insurance claims in the short term (2024 – 2026) are more likely to be paid in full than Policyholders with valid insurance claims from 2026 onwards, when the Company's assets are likely to be insufficient. In this scenario, given the expected shortfall in the Company's financial resources, if the Scheme is not approved, the directors consider that the Company would likely have no option but to enter into Administration in short order.

Administration (with a scheme)

- 62. The table at paragraph 57 sets out estimates for an Administration process with both lower and higher projected outcomes.
- 63. **Investment income and recoveries:** The Company estimates that its investment income and collections, including recoveries, would be less in an Administration (estimated to be between €7.2 million and €7.8 million), because the Company reasonably considers that:
 - (a) the Administrator will take a more prudent approach to investments resulting in a reduction of €0.5 million in investment income compared to the Company's approach;
 - (b) recoveries are uncertain and reliant on:
 - (i) claims awards being overturned in the Company's favour in Court; and
 - (ii) assets still being held by Policyholders or claimants, such that there are actual funds for the Company to collect.

An Administrator is likely to conclude on a cost benefit basis that certain recoveries carry too much uncertainty and are therefore not worth pursuing, given the higher annual costs of the Company in an Administration (due to the added Administrator costs and legal costs; and

- (c) the Administrator will not appeal certain adverse court decisions, due to the costs incurred in pursuing appeals in Court given the higher level of costs in an Administration.
- 64. Accordingly, the higher and lower projected outcomes in an Administration envisage that total investment income and recoveries will be between €2 million and €2.6 million less in an Administration than in a Scheme, where the cost base is lower and directors have more scope to pursue recoveries. Generally, the administrator will be more cautious, so would likely earn less than a normal corporate. Given the uncertain nature of the Court awards, the administrator will be cautious of pursuing appeals and so would look to sell the book of recoveries near the end of the Administration or scheme. Given

the uncertainty and cost of appeals the administrator would expect to receive very little (if any) value from selling the debt.

65. The Company has also applied this 50% reduction to its cost recoveries estimates to reach a range between €1.5 million and €2.1 million for the Company's projected recoveries in an Administration. To estimate the Company's recoveries in an Administration, the Company has relied upon the EY Counterfactual, which assumes that 50%⁴ of the value of recoveries in an ordinary run-off and Scheme scenario would not be realised in an Administration due to the insolvency and difficulties this may create in collecting recoveries. The Company has also applied this 50% reduction to its cost recoveries estimates to reach a range between €1.5 million and €2.1 million for the Company's projected recoveries in an Administration.
66. **Estimated insurance claims:** the Company expects that an Administrator of the Company would be likely to propose a scheme or other arrangement similar to the proposed Scheme, in order to bring the run-off of the Insurance Policies to an early end and to determine and pay Policyholders' valid claims. The value of the estimated insurance claims in an Administration is therefore expected to be equal to the value of the total of the Estimated Scheme Claims (€17.5 million) plus the projected claims settled and paid before the date of the PSL (€2.5 million).
67. **Administrator costs:** The costs of an Administration are uncertain at this time and are based on assumptions and estimates. The Company, in consultation with EY, has provided a range of projected outcomes, setting out its higher and lower estimated projected outcomes in an Administration. The lower estimate projects Administrator costs to be €3.6 million, based upon the estimated amount provided in the EY Counterfactual. Both Administrator cost estimates take into account the costs reported in recent administrator reports of companies with a similar business balanced by the consideration that the Company's run-off is closer to closure by way of a scheme of arrangement, than in comparable insolvent businesses.
68. **Costs and expenses:** In an Administration, the costs of claims handling, management and entity management costs would remain, however the £1,000,000 Consideration payable in accordance with paragraph 25 and the cost of the final court hearing to sanction the Scheme would be avoided.
69. **Other liabilities:** The Company's other liabilities include insurance and sundry creditors, the liability to the ILU (which is described at paragraph 30), accrued liabilities and other accounts payable balances not yet paid at the date of the estimated Administration.
70. Due to the estimated fees of the administrator and the legal fees of an Administration process, as well as the reduced recoveries and asset realisations that are expected to occur as a result of the Administration, a deficit to Policyholders of between €4.2 million and €5.9 million is expected in an Administration, resulting in an estimated

⁴ The EY Counterfactual assumed 50% after balancing the chances of recovery against keeping the estate open. Once claims are agreed in a scheme, the administrator would sell the remaining recoveries, which would be heavily discounted by the buyer given the uncertain nature of the recovery.

return to creditors of 79c in the € (in a higher estimated projected outcome) and 71c in the € (in a lower estimated projected outcome).

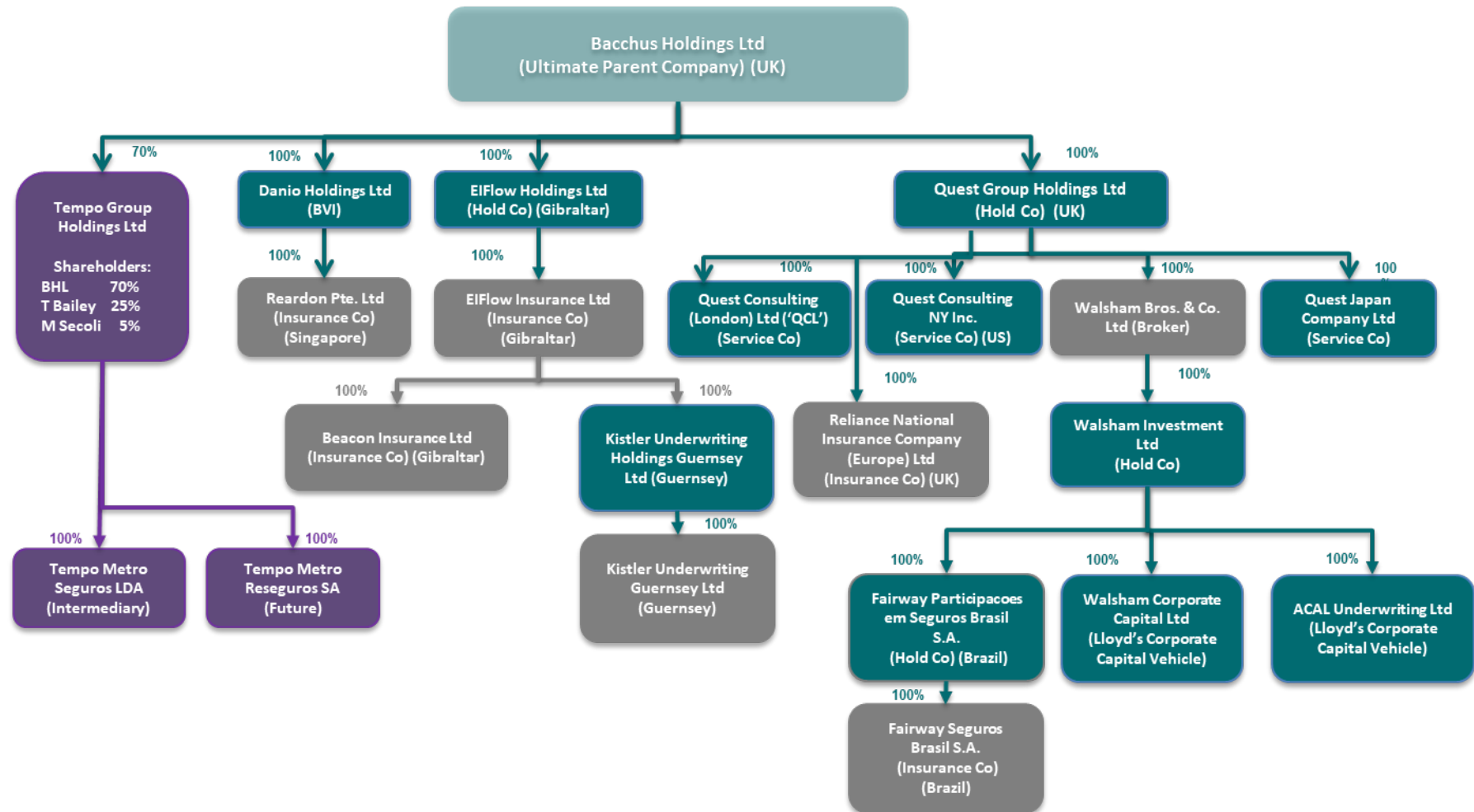
Scheme implemented from May 2024

71. **Investment income and other recoveries:** The Company is projecting future income from investments and recoveries of €9.8 million. This comprises investment income of €1.5 million and other recoveries of €8.3 million. Investment income is projected at 4% per annum. The recoveries of €8.3 million comprise collections of deductibles in cash of €2.9 million, reinsurance recoveries of €0.9 million (assumed to be collected in full on known claims), collections of recoveries of €4.2 million (which is projection based on a balance sheet debt of €5.2 million as at 1 January 2024, with the assumption that €1 million will prove irrecoverable), and other asset collections of €0.3 million (being a VAT reverse charge claim).
72. **Estimated Scheme Claims:** As noted in the table in paragraph 57 above, the Company held gross claim reserves of €32.6 million, with deductibles valued at €14.3 million which offset the amount that is payable by the Company. In preparing the projections for the Scheme documents and witness statement, the Company estimated that prior to the issuance of the PSL it would have paid agreed claims of a gross value of €2.5 million before the date of the PSL (see paragraph 73 below). I consider the projection to be a reasonable and realistic estimate, the actual amounts paid will not however be capable of being confirmed until late May 2024. On the €2.5 million projected as payable, there is a deductible valued at €1.5 million. After payment of the claims agreed and settled before the date of the PSL, the gross claim reserve is reduced to €30.1 million (the Company's total gross claim reserve of €32.6 million *less* the gross value of the claims agreed and settled before the date of the PSL of €2.5 million). Provision for deductibles in relation to outstanding claims is also reduced to €12.8 million (which is the value of the total estimated deductibles of €14.3 million *less* the €1.5 million deductible accounted for in the €2.5 million claims agreed and settled before the date of the PSL). This results in a total of €17.3 million (€30.1 million *less* €12.8 million), which has been adjusted upwards to £17.5 million to reflect a minor overall deterioration in claim amounts that have occurred between 1 January 2024 and the date of this Explanatory Statement. The Estimated Scheme Claims is therefore the total of the gross claim reserve (reduced to reflect payment of the claims paid before the date of the PSL) *less* the total deductibles (reduced to reflect the deductible applied in relation to the claims paid before the date of the PSL), with an adjustment as a result of recent developments in the Company's Open Claims.
73. **Claims paid pre-PSL:** Where the Company is subject to a binding non-appealable court order, the Company shall pay the claim in full up to the date of the issuance of the PSL. Between 1 January 2024 and the date of this statement, the Company's projections were that it would have been required to pay claims valuing €2.5 million. The final figure will not be available to the Company until late May 2024. The Company has paid these amounts as any avoidance of payment could create significant additional costs for the Company. The Company also anticipates that all valid claims under the Insurance Policies (as determined under the Scheme) will be capable of being paid in full.
74. **Costs and expenses:** If the Scheme is approved, the Company estimates that its costs and expenses will be €8.3 million. This amount comprises provisions for ALAE costs

of €3.6 million, ULAE costs of €3.5 million, and the Consideration of €1.1 million (£1,000,000) referred to in paragraph 25 and rounding. The ALAE provision is included in the Company's accounts, and is on the basis of advice that the Company has received from its claims agent in Italy. The ULAE provision includes the projected costs of Quest and Premia of €1.9 million, as well as additional overheads which are not provided for in the Company's balance sheet as at 31 December 2023, including the projected legal and professional costs incurred in relation to implementation of the Scheme.

Conclusions in respect of the Company's projections

75. The Company's current projections demonstrate that:
- (a) the amounts Policyholders are expected to receive under the Scheme will be greater than if the Company were to enter into Administration; and
 - (b) if the Scheme does not go ahead, the Company believes that it would likely have no option but to enter into Administration due to its anticipated insolvency.
76. If it is not possible to accelerate the settlement of claims by way of a Scheme, then the Company has reached the conclusion that it will likely be left with no option but to apply for Administration.
77. Having discussed this matter with the prospective Scheme Advisers (a copy of their CVs, setting out their experience in the insurance and insolvency fields, are available at pages 69 and 70), it is likely that the administrators appointed in an Administration would also propose an accelerated agreement of claims similar to the Scheme proposed by the Directors, rather than carry on the run-off to its natural expiry. However, given:
- (a) the significant additional costs of the Administration (including, for example, the cost of the administrator and the associated legal costs of the procedure itself given that this is a process supervised by the English Court);
 - (b) that certain recoveries will be more difficult to realise (for the reasons explained in paragraph 63),
- it is likely that Policyholders will receive much less in respect of their agreed claims in an Administration than they would in the current Scheme.
78. The Company expects that Policyholders would not start to receive payments for their valid claims until January 2026 in Administration (whereas payments are expected to start to be made in May 2025 in the Scheme).



PART C: HOW DOES THE SCHEME WORK?

1. In this Part C, we set out a detailed explanation of how the Scheme will work if it goes ahead.

IMPORTANT

If it becomes effective, the Scheme imposes a Claims Deadline. If a Policyholder wants to be eligible to receive payment for a Scheme Claim they MUST make their Scheme Claim by the Claims Deadline. Once the Claims Deadline is set, it cannot be changed.

If a Policyholder does not make a Scheme Claim before the Claims Deadline:

- (a) they will not receive any payments for any valid Scheme Claim they might otherwise have had and the claim will be discharged and released; and**
- (b) they will not be entitled to any reduction in the amount that they may owe to the Company in respect of any deductible or any other amount.**

The Company recommends that Policyholders make their Scheme Claim as soon as possible and, in any event, well in advance of the Claims Deadline so that they do not miss it. A description of how to make a Scheme Claim is given under the heading "How do Policyholders make a claim in the Scheme?" on page 48.

Who does the Scheme apply to?

2. The Scheme applies to all Policyholders who may wish at any time to pursue Scheme Claims. Scheme Claims are claims against the Company under or arising out of any contract of insurance originally written by QBE Insurance (Europe) Limited and transferred to the Company pursuant to the order of the English Court dated 21 November 2018.

Who does the Scheme not apply to?

3. The Scheme will not affect creditors whose claims are not Scheme Claims. By way of example, the Scheme does not apply to any of the following claims against the Company:
 - (a) Excluded Claims, being:
 - (i) any claims in relation to an Insurance Policy where a claim has been agreed in writing between the Company and the Policyholder before 15 April 2024, being the date that the Practice Statement Letter in respect of this Scheme was issued. These claims will be paid in full on the basis that, if the Scheme proceeds, the Company currently anticipates that all valid claims under the Insurance Policies (as determined under the Scheme) will be capable of being paid in full;

- (ii) any claims in relation to an Insurance Policy which are the subject of a binding and non-appealable judgment before 15 April 2024, being the date that the Practice Statement Letter in respect of this Scheme was issued. These claims will be paid in full on the basis that, if the Scheme proceeds, the Company currently anticipates that all valid claims under the Insurance Policies (as determined under the Scheme) will be capable of being paid in full;
- (b) all costs, charges, expenses, disbursements and other debts incurred or to be incurred by the Company in the course of:
 - (i) implementing and carrying out the Scheme, including, for the avoidance of doubt, exercising any right of the Company, or complying with any obligation of the Company, in the Scheme;
 - (ii) complying with:
 - (A) the provisions of the Companies Act 2006 or Insolvency Act 1986;
 - (B) its regulatory obligations;
 - (C) the Scheme, including the remuneration of the Scheme Advisers and the Scheme Adjudicators; andin each case as determined by the Company (together the **Scheme Costs**). These claims will be paid in full in order to enable the Scheme to be implemented;
 - (iii) bringing the Company to a full and final close, including the costs of de-authorisation with the PRA and the annual cost of preparing and filing dormant accounts for as long as is required; and
 - (iv) claims handling costs, being the costs of handling Third-Party Claims made by a Third-Party Claimant against the Policyholder,these claims will be paid in full as costs of the Company;
- (c) any claims in relation to any contract of insurance which are UK Employers' Liability Policies (which claims will be paid in full as part of the arrangement further described in Part B (*Company background and business overview*) paragraphs 21 to 29)). The Consideration payable pursuant to those arrangements shall, however, be paid in full by the Company; and
- (d) the QBE Indemnity (as further described in paragraph 4 below).

QBE Indemnity

4. Pursuant to the Part VII Transfer, the Company granted an indemnity to QBE to pay QBE in the event that any losses or expenses are incurred by it in respect of any liabilities under the Insurance Policies (which were transferred to the Company pursuant to the Part VII Transfer) (the **QBE Indemnity**). At present, QBE has not

made any claim under the QBE Indemnity and any ongoing claims or costs are currently paid for by the Company. Pursuant to the Part VII Transfer, QBE has no ongoing liabilities under the Insurance Policies. In addition:

- (a) ongoing claims under the Insurance Policies will be compromised in the Scheme if it becomes effective; and
 - (b) the Company will apply to remove QBE as a defendant from any proceedings currently ongoing as between the Policyholder and a Third-Party Claimant at the same time as the Company will seek to remove itself from the relevant proceedings (the costs of applications to be treated as a Scheme Cost). This will be when a payment is made in respect of an Ascertained Scheme Claim (or a final binding determination a full and final determination in accordance with the Scheme that there is no Ascertained Scheme Claim).
5. Accordingly, the Company does not anticipate that valid claims will arise under the QBE Indemnity. If there were a claim under the QBE Indemnity in relation to an indemnity claim under an Insurance Policy for any reason in the future, then in the event of the Company's insolvency, such claim would be subordinated behind the Company's insurance debts, including the claims of the Policyholders under the Insurance Policies, by reason of regulation 21 of the Insurers (Reorganisation and Winding Up) Regulations 2004 (the **2004 Regulations**) and are not expected to be paid or provided for in the Scheme.

When will the Scheme come into force?

6. The Scheme will only come into force if it receives the required support from Policyholders at the Scheme Meeting and the English Court approves it. If the English Court approves the Scheme, it will come into force shortly afterwards. The Company currently expects this to be in July 2024.

What will happen if the Scheme becomes effective?

Policyholders will have to make their Scheme Claim by the Claims Deadline

7. The Claims Deadline will be six months after the Effective Date. The Company will let Policyholders know the date of the Claims Deadline as soon as possible after the Effective Date of the Scheme and in any event within 21 days. The Company will let Policyholders know the Claims Deadline:
- (a) by sending emails to those Policyholders for whom it has an email address; or
 - (b) in respect of those Policyholders for whom the Company does not have an email address, by sending a letter by Post for those Policyholder for whom it has a postal address; and
 - (c) by publishing a notice on the Company's Website.
8. The Company will also send reminders about the Claims Deadline in the same way approximately one month before the Claims Deadline.

9. Policyholders who want to receive payment for a Scheme Claim or reduce the amount they owe in respect of any deductible or other amount, **MUST** make their Scheme Claim by the Claims Deadline. Once the Claims Deadline is set, it cannot be changed. If Policyholders do not make a Scheme Claim before the Claims Deadline:
 - (a) Policyholders will not receive any payments for any valid Scheme Claim they might otherwise have had; and
 - (b) Policyholders will not be entitled to any reduction in the amount that they owe the Company (for example because they have an outstanding deductible).
10. After the Claims Deadline:
 - (a) Policyholders will not be able to make a new Scheme Claim (or add to any Scheme Claim already made), even if they were not aware that they had a Scheme Claim before the Claims Deadline;
 - (b) Policyholders will not be able to change a Scheme Claim that they have already made, even to provide new information that they were not aware of before the Claims Deadline; and
 - (c) Policyholders will not be able to provide additional information about a Scheme Claim that they have already made, unless Policyholders are asked to in accordance with the Scheme.
11. **Please note that a Policyholder will not have to make a new Scheme Claim on a Claim Form if it:**
 - (a) **voted on the Scheme on a Voting Form by the Voting Deadline and chose to have the Voting Form treated as a Claim Form by ticking the relevant box; or**
 - (b) **submitted a claim after 15 April 2024, being the date of the issue of the Practice Statement Letter.**

In these cases, the Policyholder's claim (as made) will be automatically included in the Scheme as a Scheme Claim received on the Effective Date if the Scheme goes ahead.

All Scheme Claims made by the Claims Deadline will be considered by the Company or determined by the Scheme Adjudicator

12. All Scheme Claims made by a Policyholder by the Claims Deadline will be considered by the Company in order to determine whether that Policyholder has an Ascertained Scheme Claim in the Scheme. The Company will seek to agree the Policyholder's Ascertained Scheme Claim (if any) with the Policyholder. If the Company and the Policyholder do not reach agreement on the existence or value of the Policyholder's Scheme Claim (or such agreement is not otherwise deemed), that Scheme Claim will be assessed by an independent Scheme Adjudicator. The process for determining a Scheme Claim made by the Claims Deadline in the Scheme is further described in paragraphs 36 to 61 below.

Policyholders with Ascertained Scheme Claims will be paid from the Scheme Assets and rights to payment for Scheme Claims will be limited to the Scheme Assets

13. The Company will use all of its available assets to pay or otherwise provide for Ascertained Scheme Claims. Such available assets are referred to as the Scheme Assets in the Scheme. Scheme Assets will be made up of all of the Company's available assets after provision has been made to pay all claims (other than Scheme Claims) that are permitted to be paid in the Scheme, (as described in Part C, paragraph 3 on page 41 above), including the Consideration payable to EIflow. Scheme Assets include the capital reserved by the Company for its MCR.
14. The Scheme Assets will be used to pay the Policyholders' Ascertained Scheme Claims in full (or where the Scheme Assets are insufficient to pay all Ascertained Scheme Claims in full, the Scheme Assets will be divided proportionately between Policyholders based on the amount of their Ascertained Scheme Claims).
15. Within 90 days after the Claims Deadline, the Company will consider what, if any, percentage of Ascertained Scheme Claims can be paid, taking into account that the Company will seek to ensure that all Ascertained Scheme Claims receive the same percentage payment and that all amounts permitted to be paid in the Scheme are paid in full (the **Payment Percentage**). Where a Payment Percentage is set, the Company will pay the Payment Percentage of each Ascertained Scheme Claim. The Company will review the Payment Percentage at least once every six months to see if it should be increased or reduced. Where the Payment Percentage is increased, the Company will ensure that all Policyholders with Ascertained Scheme Claims will receive the increased Payment Percentage for their Ascertained Scheme Claim. Where the Payment Percentage is reduced, Policyholders who have already received a higher Payment Percentage for their Ascertained Scheme Claim will not be required to pay any money back to the Company.
16. Based on the Company's current reserves, the Company expects Policyholders with Ascertained Scheme Claims to be paid in full (put another way, the Payment Percentage is expected to be 100%). Whilst this estimate has been carefully reviewed and prepared, it remains an estimate and the outcome described may vary depending on a number of factors.
17. The proposed Scheme will provide a mechanism to accelerate the agreement and settlement of claims (net of deductibles) with the Policyholders without awaiting the final outcome of the legal proceedings between claimants (patients) and the Company's Policyholders (hospitals and doctors). Implementation of a Scheme will remove the major barrier to the Company shutting down its regulated operations and avoid the costs of a natural run-off which would otherwise continue for many years. As a consequence of the Scheme, the Company expects to pay all Ascertained Scheme Claims in full.
18. The Company believes that if the Scheme does not go ahead, it would likely have no option but to enter into English Administration proceedings. In that case, the Company estimates that Policyholders will receive between 71% and 79% of the money that they are owed for their Ascertained Scheme Claims.

Payment of Ascertained Scheme Claims and releases

19. With effect from the Effective Date, each Policyholder releases all claims they may have against the Company, each Scheme Adviser, each Scheme Adjudicator and each of their related parties, representatives and advisers, in connection with their participation in the formulation, negotiation, entry into and implementation of the Scheme and related documents.
20. A Scheme Claim which is not received by the Company on a Claim Form in accordance with the relevant instructions on that form by the Claims Deadline shall be fully and finally released and the Policyholder shall have no further rights in respect of that Scheme Claim.
21. Once a Policyholder's Ascertained Scheme Claim has been determined in accordance with the Scheme, such Policyholder releases and discharges, and is to be treated as having agreed to fully and finally release and discharge, all claims (whether existing, alleged, prospective or contingent) against the Company under or arising out of any Insurance Policy, save for its Ascertained Scheme Claim which can only be paid in accordance with the terms of the Scheme.
22. The Company will pay each Policyholder an amount equal to the Payment Percentage of their Ascertained Scheme Claim within 30 days of the Payment Percentage being set or, if later, the date that the Policyholder's Ascertained Scheme Claim is fixed. Once:
 - (a) an Ascertained Scheme Claim has been paid in accordance with the terms of the Scheme; or
 - (b) all Scheme Assets have been distributed in payment of the Ascertained Scheme Claims,

the Scheme provides that a Policyholder will have no further claims against the Company in respect of that Ascertained Scheme Claim, as payment of the final Payment Percentage of an Ascertained Scheme Claim shall be in full and final settlement of all and any Scheme Claims of the Policyholder against the Company.

23. Policyholders shall only be entitled to receive payment in respect of a Scheme Claim in accordance with the terms of the Scheme. Furthermore, in the event that a Policyholder does not provide the Company with full details of a valid bank account into which payment should be made on a Claim Form or in such other manner as the Company shall otherwise agree, within 30 days of a third and final request from the Company to provide such information, such Policyholder's Ascertained Scheme Claim shall be deemed to have been fully paid and the Policyholder shall have no further claim in respect thereof.

Policyholders will not be permitted to pursue any other proceedings against the Company

24. Policyholders may not start or continue any proceedings against the Company, except where the Company has failed to pay the Policyholder in accordance with the terms of the Scheme. The Company may also seek to be removed as a defendant from any proceedings currently ongoing as between the Policyholder and a Third-Party Claimant.

25. However, the Scheme does not stop the Company from starting or continuing proceedings against a Policyholder. This may happen where, for example:
- (a) the Company is appealing a judgment given on a Third-Party Claim;
 - (b) the Company has a claim against a Policyholder for an unpaid deductible;
 - (c) the Company has a claim for the payment of registration tax (where that registration tax was paid by the Company to the Policyholder, but the Policyholder has not passed that payment to the tax relevant authority);
 - (d) the Company has a claim against a Policyholder for a breach of the terms of the Scheme; and
 - (e) the Policyholder has started or continued Proceedings against the Company.

What is the effect of the Scheme in Italy and Spain?

26. All of the Insurance Policies are either governed by Italian or Spanish law and are medical malpractice policies in respect of hospital and doctor liabilities in Italy or Spain.
27. Given the connection to Italy and Spain, the Company sought independent foreign legal expert advice as to whether there was a reasonable prospect of the Scheme being recognised and regarded as binding and effective in Italy and Spain. A summary of their conclusions is set out below.

The effect of the Scheme in Italy

28. In summary, the Italian legal expert has confirmed that, in his opinion a judgment of the English Court in respect of the Scheme could be recognised under Section 64 of the Italian Private International Law (Law No. 218/1995) and that:
- (a) the Italian Courts should recognize and enforce the terms of the Scheme upon the Policyholders in Italy;
 - (b) there is a similar or analogous mechanism in Italy to the English Scheme;
 - (c) the effect of the Scheme, in Italy, on insurance creditors' rights is that an Italian Court is likely to consider the insurance creditors bound by the terms of the Scheme and, therefore, unable to bring claims before the Italian Court that would contradict the terms of the Scheme.

The effect of the Scheme in Spain

29. In summary, the Spanish legal expert has confirmed that the judgment sanctioning the proposed scheme of arrangement in the United Kingdom can be recognised in Spain through an *exequatur* procedure established pursuant to Articles 41 et seq of the law on international cooperation in civil matters (Law 29/2015 of July 30, 2015, **LICCM**). Once recognition of a judgment or court settlement has been obtained under the LICCM, the Scheme will have exactly the same effect in Spain as it does in the United Kingdom.

Substantial effect of the Scheme

30. Notwithstanding the legal effect of the Scheme in Italy and/or Spain, the Scheme will be binding and effective in England (if sanctioned). There is no doubt that the English Court and English jurisdiction has power to approve the Scheme, or in the alternative, the Administration. This is because the Company is incorporated and registered in England as an English company.
31. Moreover, whether or not the Scheme is recognised and effective in Italy and Spain (of which there is a reasonable prospect), the Scheme, if sanctioned, will in any event be binding and effective in England, where substantially all of the Company's assets are located. This means that, in order to enforce any judgment against the Company's assets, including a judgment granted in Italy or Spain, it is likely that Policyholders would need to bring proceedings in the English Court to enforce that judgment. Accordingly, if the Scheme is effective in England, it is unlikely that any court would act in breach of a court-sanctioned scheme.
32. In this instance, although the Insurance Policies are governed by Italian or Spanish law, substantially all available assets of the Company of €20.1m (being cash and investments) are located in England, and are subject to the jurisdictional control of the English Court. This sum of €20.1m is the main asset available for distribution to the Policyholders by way of the Scheme, representing in excess of 99% of the Company's "free" assets available to pay the general body of Policyholder creditors. Absent the Scheme, this sum would be distributed in an English insolvency (likely Administration) in accordance with English rules and procedure, and all creditors would be required to participate in that English process.

How do Policyholders make a claim in the Scheme?

33. To make a Scheme Claim, Policyholders must include details of their Scheme Claim on a Claim Form and send it to the Company by email to RNICEScheme@Premiare.uk or by post to Reliance National Insurance Company (Europe) Limited, c/o Premia UK Services Company Ltd, 2 Minster Court, Mincing Lane, London, EC3R 7BB, England so that it is received on or before the Claims Deadline.
34. If any documentation or further information is required from a Policyholder in support of that Policyholder's Scheme Claim, that Policyholder will be separately asked for any required additional information.
35. For the avoidance of doubt and as explained at paragraph 11 above, a Policyholder does not need to make a new Scheme Claim if it:
 - (a) voted on the Scheme on a Voting Form by the Voting Deadline and chose to have the Voting Form treated as a Claim Form by ticking the relevant box; or
 - (b) submitted a claim after 15 April 2024, being the date of the issue of the Practice Statement Letter.

How will a Scheme Claim be assessed in the Scheme?

36. A Policyholder's Ascertained Scheme Claim will be:

- (a) the total amount (if any) of a valid Scheme Claim; *less*
 - (b) the amount of any deductible or other amounts that the Policyholder may owe to the Company.
37. If Policyholders make a Scheme Claim by the Claims Deadline, the Company will assess it using the **Claims Methodology**. The Claims Methodology is set out in Schedule 1 of the Scheme. The purpose of the Claims Methodology is to assist Policyholders in understanding the framework that will be used in assessing their claims in the Scheme. In summary, the Company will initially assess each claim against the following criteria:
- (a) Coverage: The Company will consider whether the claims fall within the Insurance Policy terms;
 - (b) Time: The Company will assess whether the claim was originally submitted within the time permitted in accordance with local legal requirements and relevant Insurance Policy terms;
 - (c) Policy limits, deductibles, and/or self-insured retention: Scheme Claims will be assessed in relation to the limits, deductibles and/or self-insured retention for the relevant individual policy; and
 - (d) Liability: The Company will consider whether the claim falls within the terms of the Insurance Policy from documentary evidence (e.g. external medical expert report, internal Company appointed medical expert report and/or a legal opinion received).
38. All underlying requests for damages will be assessed against the relevant local law governing the Insurance Policy.
39. Insofar as a Policyholder wishes to include in their Scheme Claim an element of IBNER, they may seek to do so and support the estimate by reference to historical or other reference data. The Scheme Claim will be assessed based on the information provided in the same way as any other part of their Scheme Claim.
40. The following tables will be used to assess the value of Scheme Claims governed by:
- (a) Italian law:
 - (i) Milan Tables ([P- 11185_22.pdf \(ordineavvocatimilano.it\)](#))
 - (ii) Micro-permanent Tables (article 139 Code of Private Insurance, [www.gazzettaufficiale.it/eli/id/2005/10/13/005G0233/sg](#))
 - (b) Spanish law: The Baremo Rate System 2015 ([https://www.boe.es/boe/dias/2015/09/23/pdfs/BOE-A-2015-10197.pdf](#)).

These are the tables/system typically used to value claims of this type.

41. The Company will carry out an initial assessment of a Policyholder's Scheme Claims within 90 calendar days of receipt of the Scheme Claim.

42. Once the Company has fully assessed the Policyholder's Scheme Claim using the Claims Methodology, the Company will let the Policyholder know if its Scheme Claim has been accepted as valid or not. The Company shall give a notice to such Policyholder, the **First Determination Notice**, setting out:
- (a) the total amount of Policyholder's valid Scheme Claim;
 - (b) the amount of any deductible (or other amounts) to be applied in set-off (and Policyholder's valid Scheme Claim will be reduced by this amount); and
 - (c) the net total, being that Policyholder's valid Scheme Claim (if any). This amount is the Policyholder's anticipated **Ascertained Scheme Claim**.

What should the Policyholder do if they agree with the Company's decision on the Scheme Claim?

43. If a Policyholder accepts the Company's decision on Policyholder's Scheme Claim, they can confirm to the Company that they agree the assessment of their Scheme Claim, in which case the amount so agreed will be that Policyholder's Ascertained Scheme Claim. Alternatively, the Policyholder can choose to do nothing, in which case the anticipated Ascertained Scheme Claim will then be fixed (and become that Policyholder's Ascertained Scheme Claim) on the expiry of 30 days.

What should the Policyholder do if they disagree with the Company's decision on its Scheme Claim?

44. If a Policyholder disagrees with the Company's decision on their Scheme Claim, the Policyholder must let the Company know within 30 days of receiving the First Determination Notice, and provide a reason for its challenge. For the avoidance of doubt, if the Scheme becomes binding, Policyholders will not be entitled to challenge the Claims Methodology itself. The matters that can be challenged include those matters described in paragraph 37 on page 49 above.
45. If a Policyholder challenges the Company's decision within 30 days of receiving the First Determination Notice, their Scheme Claim will become a **Disputed Scheme Claim**. The Company will reconsider the Scheme Claim in light of the Policyholder's challenge and may ask the Policyholder to provide further information.
46. After a Scheme Claim becomes a Disputed Scheme Claim, the Company shall seek to reach agreement with the Policyholder in respect of that Disputed Scheme Claim. Once the Company and the Policyholder have agreed the Scheme Claim, the Company shall issue an updated notice (an **Agreed Determination Notice**) setting out the agreed determinations made in respect of each of the matters set out in this Part C, paragraph 42 above. The determinations set out in that Agreed Determination Notice are immediately binding on the Company and the Policyholder.
47. Where the Company and the Policyholder do not reach agreement on the Disputed Scheme Claim within 90 days of the Scheme Claim becoming a Disputed Scheme Claim, the Company shall issue an updated notice (the **Second Determination Notice**) to the Policyholder setting out its final determination in respect of each of the matters set out in this Part C, paragraph 42.

48. If a Policyholder accepts the Company's final decision on the Policyholder's Scheme Claim, as set out in the Second Determination Notice, they do not need to do anything. If the Policyholder disagrees with the Company's final decision on their Scheme Claim in the Second Determination Notice, the Policyholder must let the Company know within 30 days of the Second Determination Notice and provide a reason for its disagreement. If that Policyholder challenges the Company's final decision within 30 days of receiving the Second Determination Notice, their Scheme Claim will be determined by the independent Scheme Adjudicator using the process described below.

Who are the Scheme Adjudicators and what happens when Disputed Scheme Claims are referred to them?

49. The Company has appointed:
- (a) Professor Gianluca Brancadoro,
 - (b) Avv. Michael Jonathan Fargion, and
 - (c) Professor Avv. Luigi Farenga
- (the **Italian Scheme Adjudicators**) to adjudicate on contracts of insurance governed by the laws of Italy; and
- (d) Mr. Alberto Pérez Cedillo as the **Spanish Scheme Adjudicator** to adjudicate on contracts of insurance governed by the laws of Spain.
50. Each of the Scheme Adjudicators is independent of the Company in that they have not previously been employed by the Company nor provided any services for the Company. A copy of each Scheme Adjudicator's CV can be found at Appendix 3 on pages 71 to 74.
51. The Italian Scheme Adjudicators have been appointed based on their relevant skills and experience. They are all professors of law, with extensive experience representing both victims, policyholders and insurance companies in relation to medical malpractice insurance claims of considerable complexity both in or outside of formal court proceedings including evaluating the effectiveness of insurance coverage and validity claims and evaluating potential damages, the application of deductibles and of recourse actions in relation to such claims.
52. Across the panel of Italian Scheme Adjudicators there is varied legal experience including everything from Civil to Commercial law, authoring of legal publications across several different points of law and different board memberships including roles such as president of Istituto per la Vigilanza sulle Assicurazioni (**IVASS**) (the insurance industry authority), fiduciary roles within the Italian government and other commercial board member roles.
53. The Spanish Scheme Adjudicator, Mr. Alberto Pérez Cedillo, has also been appointed based on his relevant skills and experience. He is a duly qualified Spanish *abogado* and English solicitor who is often called as an expert witness before the English courts to provide expert advice on all matters concerning personal injury in Spain.

54. In the event that a Scheme Claim arising under an Insurance Policy governed by Italian law is to be considered by an Italian Scheme Adjudicator, the Company will nominate an Italian Scheme Adjudicator that is willing to act in respect of the Disputed Scheme Claim (the **first Italian Scheme Adjudicator**) and notify the Policyholder of that nomination. If the Policyholder does not challenge that nomination in writing within 14 days of that notice, the first Italian Scheme Adjudicator shall be the Scheme Adjudicator in respect of that Disputed Scheme Claim. If the Policyholder does challenge the appointment and requests the appointment of an alternative Italian Scheme Adjudicator within 14 days of the notice, the Company shall determine if the alternative Italian Scheme Adjudicator is willing to act. If the alternative Italian Scheme Adjudicator is willing to act, he shall become the Scheme Adjudicator in respect of the relevant Disputed Scheme Claim. If the alternative Italian Scheme Adjudicator is not willing to act, the Policyholder shall be entitled to request the appointment of the remaining Italian Scheme Adjudicator within 14 days and the Company shall determine if the remaining Italian Scheme Adjudicator is willing to act. If the remaining Italian Scheme Adjudicator is willing to act, he shall become the Scheme Adjudicator in respect of the relevant Disputed Scheme Claim. If the remaining Scheme Adjudicator is not willing to act, the Company and the Policyholder shall use reasonable endeavours to agree the appointment of an alternative person to act as Scheme Adjudicator and, once appointed, that person shall be deemed to be a Scheme Adjudicator for the sole purpose of that specific Disputed Scheme Claim.
55. Where that Policyholder's Insurance Policy is governed by the laws of Spain, the Company shall appoint the Spanish Scheme Adjudicator to consider the disputed claim. If the Spanish Scheme Adjudicator is not willing or unable to act, the Company and the Policyholder shall use reasonable endeavours to agree the appointment of an alternative person to act as Scheme Adjudicator and, once appointed, that person shall be deemed to be a Scheme Adjudicator for the sole purpose of that specific Disputed Scheme Claim.
56. A Scheme Adjudicator will consider the Disputed Scheme Claims referred to him and will aim to make a decision within 30 days (although this will depend on whether further information is required, as explained below). The Scheme Adjudicator will consider the reasons why the Policyholder disputed the determination, verify that the Claims Methodology has been correctly applied and, if any additional information has been provided by the Policyholder, assess this additional information.
57. The Scheme Adjudicator may request further information or documents from Policyholders and/or the Company. The Scheme Adjudicator may also have certain questions for the Policyholder and/or the Company.
58. If either party does not respond to a request by the Scheme Adjudicator to provide further information (or answer questions) within 30 days of such request, the Scheme Adjudicator will make a decision on the Disputed Scheme Claim without this additional information.
59. The Scheme Adjudicator will aim to make a decision on the Disputed Scheme Claim within 30 days of the further information being provided or if no further information was requested, within 30 days of the Disputed Scheme Claim being referred to them. However, the Scheme Adjudicator is entitled to extend that deadline.

60. Decisions made by a Scheme Adjudicator in respect of a Disputed Scheme Claim are binding on the Company and the Policyholder.
61. With respect to any costs incurred as a result of the adjudication process, these are likely to be paid in full by the Company. However, in exceptional circumstances, the Scheme Adjudicator may consider that a Policyholder's challenge is unreasonable. In those circumstances, the Scheme Adjudicator may require that the Policyholder pays the costs of the adjudication process for their Disputed Scheme Claim. The decision on whether a Policyholder should be required to pay the costs associated with dealing with its Disputed Scheme Claim will be made independently by the Scheme Adjudicator. However, the Company will inform a Policyholder in advance if they believe that their reason for challenging the determination of their Scheme Claim is unreasonable and therefore, whether the Policyholder risks being required to pay the costs of the adjudication. Where available, the Company will offset any costs awarded against a Policyholder from the amount of the Policyholder's valid Scheme Claim.

Who will be responsible for making sure that the Scheme is implemented properly?

62. The Company's Directors will be primarily responsible for making sure that the Scheme is implemented properly. However, the Company has also appointed third parties, called the **Scheme Advisers**. The Scheme Advisers will be bound by the terms of the Scheme. In carrying out their functions under the Scheme, the Scheme Advisers will act in the interests of Policyholders as a whole and use their powers for the purpose of ensuring that the Scheme is operated in accordance with its terms.
63. The Scheme Advisers are entitled to be consulted on the following matters in the Scheme:
- (a) the amounts required by any relevant authority to maintain as a cash reserve and to fully discharge all liabilities or costs to be paid in accordance with the Scheme;
 - (b) the setting of the Payment Percentage (including, but not limited the final Payment Percentage);
 - (c) the extension of certain time limits set out in the Scheme (not including the Claims Deadline); and
 - (d) the filling of any vacancy with respect to the Scheme Adjudicators.








The Board is also entitled to consult with the Scheme Advisers generally.

64. The first Scheme Advisers will be Kevin Gill and Richard Barker of EY. The curriculum vitae are available at pages 69 and 70.

Scheme Completion and Termination

65. If the Scheme is approved by the required majority of Policyholders, and approved by the Court, it will become effective.

66. The Scheme will complete upon the Company giving notice to the Policyholders that:
- (a) all Scheme Claims made by the Claims Deadline have been finally determined in accordance with the Scheme; and
 - (b) the final Payment Percentage having been paid (or provided for) in respect of all Ascertained Scheme Claims,
- (Completion).**
67. Other than Completion, the Scheme may terminate in the unlikely event that the Scheme Advisers determine that the Scheme is no longer in the interests of Policyholders as a whole.

Time and date 		Event 
23 July 2024 (exact date to be confirmed)		Effective Date <p>If the required majority of Policyholders and the Court approve the Scheme, the Scheme is expected to become effective on or shortly after 23 July 2024. The Company will let Policyholders know the exact date.</p>
23 January 2025 (exact date to be confirmed)		Claims Deadline <p>Policyholders MUST make their Scheme Claim by the Claims Deadline. If Policyholders do not claim by this date they will not receive any payment for any valid Scheme Claim they may have nor be able to reduce the amount that they owe for any deductible or other amount.</p>
By April 2025		First Payment Percentage to be set.
By May 2025		Payments to Policyholders for their Ascertained Scheme Claims are expected to start by this date.
By December 2025		Completion Date <p>The date by which (i) the Scheme has been substantially implemented; (ii) all Scheme Claims have been determined and/or adjudicated; and (iii) all Ascertained Scheme Claims have been paid in accordance with the terms of the Scheme.</p>

PART D: WHAT HAPPENS IF THE SCHEME DOES NOT GO AHEAD?

Will the Scheme definitely go ahead?

1. The Scheme will not go ahead unless:
 - (a) it is approved by a majority in number (that is more than 50%), representing 75% or more in value, of the Policyholders who vote on it; and
 - (b) the Court approves the Scheme. The Court will only approve the Scheme if it believes the legal requirements for doing so are met and the Scheme is fair.
2. If the Scheme is approved by the required majority of Policyholders and approved by the Court, it will become effective. However, it will terminate early in the unlikely event that the Scheme Advisers determine that it is no longer in the interests of Policyholders for the Scheme to proceed. If this occurs, the Scheme Advisers will notify Policyholders of the reasons why they have reached this conclusion.

Insolvency of the Company

3. If the Scheme does not go ahead, the Company believes that it would likely have no option but to enter into English administration proceedings due to its anticipated insolvency.
4. If the Company enters into an Administration proceeding, the Company estimates that Policyholders will ultimately receive between 71% and 79% of their Ascertained Scheme Claims. The Company estimates that the amount available to be paid to Policyholders will be reduced because there will be additional costs arising due to the Administration proceedings, including the costs of the Court application to put the Company into Administration, the costs of the administrator appointed in those Administration proceedings and the cost of complying with the legal requirements of the Administration proceedings (the process is Court supervised). There is also likely to be significant delay given the nature of the Court supervised process. The Company also considers that, in the event of an Administration proceeding, the administrator of the Company would still have no option but to propose a scheme or similar arrangement, similar to the one proposed now, in order to determine and pay Policyholders' valid claims.

The independent review

5. The Company's conclusion that insolvency is likely if the Scheme is not approved has been subject to an independent review by Interpath Limited (**Interpath**) dated 28 July 2023. Interpath carried out a review of the Company's forecasts under three key scenarios:
 - (a) continued run-off without the Scheme, which is the "business as usual" scenario;
 - (b) the impact of the Scheme taking place and becoming effective in late 2023; and

- (c) insolvent administration, which is assumed to occur should the Scheme not be approved as set out in (b) above. In this scenario, the Company considers that it would be likely that the administrators would implement a scheme of arrangement on similar terms to that envisaged in (b) above, however Policyholders would be unlikely to receive payment of their claims in full. If the Company enters into an administration proceeding, the Company estimates that Policyholders will ultimately receive between 71% and 79% of their valid claims.
6. In producing the review, Interpath was engaged by the Company only. Their review was prepared for the benefit of the Company only and, to the fullest extent permitted by law, Interpath do not assume any responsibility and will not accept any liability in respect of their report to any party other than the Company. Their report is provided to the Court for informational purposes only and no duty of care is provided to the Company's creditors.
7. Following the completion of its review, Interpath concluded as follows:
- “Based on our review, the Company's balance sheet insolvency and the forecast cashflow insolvency by 2027, we consider that the Company's conclusion that the directors would likely have no option but to place the Company into an insolvency process should the Scheme not be approved is reasonable.”*
- Interpath further concluded:
- “We note that the cashflow insolvency does not occur until 2027, and some sensitivity analysis would be helpful to provide greater clarity on the range of possible outcomes. However, given the current balance sheet insolvency we concur that the directors would likely file for insolvency should the Scheme not be approved.”*
8. The Interpath Report was prepared based on the Company's previous projections, assuming the Scheme would become effective in 2023. However, given the complexities of the Company's business, it has taken longer than anticipated to finalise the terms of the Scheme. The Company has updated those projections based on its management accounts as at 31 December 2023, which are set out above and demonstrate further deterioration in the Company's financial position. Given the Company's clear financial position, the Directors have formed the view that it is unnecessary for the Company to incur further costs updating the Interpath Report.

What are the main differences between the Scheme and an insolvency of the Company?

Scheme	Insolvency of The Company
Under the Scheme, Policyholders with Ascertained Scheme Claims are currently estimated to be paid in full (and in any event are expected to receive a larger payment under the Scheme than they would receive if the Scheme does not go ahead).	The Company believes that if the Scheme does not go ahead, it will enter into Administration proceedings in short order. In that case, it is assumed that any administrator so appointed will still have to put a scheme of arrangement in place (in largely the same form as the one currently proposed), in order to determine and pay Policyholders' valid claims. However, in an insolvency of the Company, the Company currently estimates that Policyholders will receive a reduced payment of between 71% and 79% of the amount owed to them. This is primarily because of the increased costs associated with an insolvency.
Policyholders are expected to start to receive payments for their Ascertained Scheme Claims in May 2025.	Policyholders are expected to start to receive payments for their Ascertained Scheme Claims in January 2026.

PART E: ALTERNATIVES TO THE SCHEME

1. The Company considered a number of alternatives to the Scheme before determining that the Scheme would be in the best interests of its creditors as a whole.

Commutation of liabilities with individual Policyholders

2. Individual commutation (or settlement) of Policyholder claims requires the Company to settle its obligations on the basis of individual negotiations with each of its Policyholders.
3. During 2022 and 2023 the Company has been actively seeking to accelerate settlement and commute outstanding claims across the portfolio by engaging with policyholders to reach a full and final settlement with them. This has led to a material reduction in outstanding reserves, notwithstanding the strengthening of case reserves. In order to do this, the Company contacted the top 10 policyholders and policyholders with potentially higher-risk claims initially and then contacted the remaining policyholders with Open Claims. Discussions were undertaken with those Policyholders that engaged and requested a commutation offer. However, it has only been possible to agree a commutation with a small number of Policyholders. Currently, the Company estimates that there are approximately 61 Policyholders with Open Claims (who may also have Closed Claims). The Company considers it unlikely that all Policyholders will ultimately agree to settle their claims within a reasonable period of time. In the meantime, there continues to be a substantial risk of creditors bringing claims against the Company and/or seeking to attach the Company's assets, as it does not currently have the benefit of any moratorium on proceedings. The costs of defending these actions would detrimentally impact other creditors' recoveries, leading to a risk that the Company would be left with insufficient funds to meet the cost of later settlements, either on a similar basis or at all.
4. Where outstanding claims are not fully settled, and a Scheme is not implemented, the Company will continue to maintain its insurance licence in the UK, incurring substantial costs in doing so. The Company will need to hold €3.7million of capital in line with the UK's minimal capital requirement for insurers thus reducing the funds available to be paid to Policyholders. The Company would also not be able to deal with its liabilities under the UK Employers' Liability Policies as planned (see Part B, paragraph 21) on page 21, as these plans are contingent on the Scheme becoming effective.
5. Even if the Company could meet the costs of all settlements, a policy of individual settlements may not treat Policyholders equally with some Policyholders receiving more favourable commutation terms than others. Each settlement would be on the basis of the best terms which the Company could negotiate with each individual Policyholder at that time. Therefore there would be no certainty that equality of treatment would be possible for Policyholders negotiating a settlement with the Company at a later date. In addition, there would always be the possibility that early individual settlements might only be possible at levels materially higher than the amounts currently reserved by the Company which may result in insufficient funds being available to meet them or the cost of later settlements, either on a similar basis or at all.

Company voluntary arrangement under Part I of the Insolvency Act 1986 (a CVA)

6. While a CVA could be used to lay before creditors proposals for a compromise similar to those contained in the Scheme, the Company considers that there are material disadvantages with using a CVA.
7. In particular, unlike a scheme of arrangement which, binds all those subject to it irrespective of whether they received notice of it, where a creditor does not receive notice of the CVA, they may bring proceedings to challenge the CVA within 28 days of becoming aware of it.
8. In addition, a CVA would relate to all unsecured creditors including those with undisputed current claims. However, in the case of the Company, its principal issue arises because its liabilities under the Insurance Policies. Accordingly, it is not necessary to enter into a compromise in respect of its other liabilities. For these amongst other reasons, a scheme of arrangement is typically used by an insurance company to address its liabilities and is thought to be preferable in this instance in respect of the Company.

Insolvent liquidation

9. If the Company was placed into insolvent liquidation, it would become subject to the regime applicable under the Insolvency Act 1986 and the Insolvency (England and Wales) Rules 2016 (the **Insolvency Rules**) as modified by the Insurers (Winding Up) Rules 2001 and the Insurers (Reorganisation and Winding Up) Regulations 2004 (the **2004 Regulations**).⁵
10. One of the main benefits that liquidation offers, relative to the Scheme, is that, as a matter of English law, there is a stay on proceedings preventing creditors from bringing or continuing claims against the Company, without the Court's consent. From the Company's perspective, this provides a significant advantage, as the liquidator could choose to withhold making payments to the Company's creditors until they are satisfied that the Company has sufficient funds to make equal distributions to all creditors (as determined under the Insolvency Rules).
11. While liquidation may be suitable for companies that have written short tail business, it is not the optimal method of dealing with insolvent insurance companies that have written longer tail business (such as the Company).
12. The principal reason for this is that any liquidator of such an insolvent insurance company would be in a position where they were administering an estate where both the ultimate level of claims and realisations would be unlikely to be known for some considerable time. Whilst the legislation governing the winding up of companies in the UK requires a liquidator to make a just estimate of a company's unquantified and contingent liabilities as at the date of the liquidation, it is unlikely that a liquidator, mindful of personal liability, would wish to make any distribution until such time as

⁵ The IRWUR 2004 have been revoked pursuant to the Financial Services and Markets Act 2023, albeit the date that such revocation is to come into force is still to be specified.

they are satisfied that they could gauge with accuracy the level of ultimate liabilities. This could take some time as Policyholders may seek to appeal any determination by a liquidator as to the existence or quantum of their claim under an Insurance Policy. It would also lead to additional costs. As a result, unless a liquidator were to use a scheme similar to the present Scheme, there would most likely be a material delay between the appointment of the liquidator and the first interim distribution. This would have the effect that creditors would have to wait longer before receiving distributions out of the estate and bear the financing costs of reducing the present value of any distributions they may be entitled to receive.

13. A liquidation would also lead to additional costs being incurred since it is an ongoing statutory process supervised by a liquidator (who will themselves be entitled to their own fees). Accordingly, amounts available in the estate for Policyholders would be reduced.

Administration

14. If the Company were placed into administration, it would become subject to the regime set out in Schedule B1 of the Insolvency Act 1986, as modified by the Financial Services and Markets Act 2000 (Administration Orders Relating to Insurers) Order 2010.
15. One of the main benefits that administration offers, relative to the Scheme, is, as a matter of English law, the imposition of a permanent moratorium preventing creditors from bringing or continuing claims against the Company, without the administrator's or the Court's consent. From the Company's perspective, this provides a significant advantage, as the administrator could choose to withhold making payments to the Company's creditors until they are satisfied that the Company has sufficient funds to make equal distributions to all creditors.
16. Similarly, to liquidation, an administration would also lead to additional costs being incurred since it is an ongoing statutory process supervised by the administrator (who will themselves be entitled to their own fees). In addition, certain recoveries will be more difficult to realise and written off if it becomes no longer viable to keep the Company running. Accordingly, amounts available in the estate for Policyholders would be reduced.
17. While an administrator is likely to propose a scheme of arrangement (similar to that proposed in this Scheme and therefore of no additional benefit), an administrator may instead undertake a distribution in administration upon an application to the Court. In such circumstances, similar issues to those described above in respect of an insolvent liquidation would apply.

PART F: ARRANGEMENTS FOR VOTING

1. The Company is asking Policyholders to vote on the Scheme.

What votes does the Company need for the Scheme to be able to go ahead?

2. The Scheme can only go ahead if:
 - (a) the Policyholders who vote approve the Scheme by a majority (that is, more than 50%); and
 - (b) the Policyholders who vote in favour of the Scheme have claims with a value of at least 75% of the total value of the claims of all of the Policyholders who vote.
3. If the Scheme receives enough votes to pass both of these tests, the Company will ask the Court to approve the Scheme. If the Scheme does not receive enough votes to pass these tests, then the Company cannot ask the Court to approve the Scheme.

How can I vote on the Scheme?

4. Policyholders may vote whether or not they attend the Scheme Meeting. In order to vote on the Scheme without attending the Scheme Meeting a Policyholder may download a Voting Form from the Website (or request a copy to be e-mailed or posted), complete it and then return it by email or post to the Company at Reliance National Insurance Company (Europe) Limited c/o Premia UK Services Company Ltd, 2 Minster Court, Mincing Lane, London, EC3R 7BB, England by no later than 5.00 p.m. (London time) on 25 June 2024 (the **Voting Deadline**). Instructions for how to vote in this way are set out on the Voting Form.
5. Technically, if voting in this way, a Policyholder will be appointing the chair of the Scheme Meeting to vote on its behalf at the Scheme Meeting. The chair will only vote in accordance with the Policyholders instructions. However, a Policyholder can ask another person to attend the Scheme Meeting and vote in its place and at their discretion. Details of how to attend the Scheme Meeting are set out in paragraph 9 below.
6. The Second Court Hearing to approve the Scheme is expected to be heard on 22 July 2024. Policyholders are entitled to attend that hearing and speak to the Court if they wish. If a Policyholder wishes to come to the Second Court Hearing, please email the Company at RNICEScheme@Premiare.uk beforehand.

One class of Policyholder

7. As explained in the Practice Statement Letter dated 15 April 2024, Policyholders must be allocated into classes for the purpose of voting on the Scheme. When determining whether Policyholders should be separated into different classes, the Court will look at each Policyholder's legal rights going into the Scheme, and their legal rights coming out of the Scheme. Policyholders with the same, or substantially the same, legal rights going into and coming out of the Scheme will be placed into the same class for voting on the Scheme.

8. For the reasons given in the Practice Statement Letter dated 15 April 2024 (available reliance-national-insurance-company-europe.co.uk), the Company is of the view that all Policyholders should be placed into one class for the purpose of voting at the Scheme Meeting. The Court agreed with the Company's assessment on class when considering this matter at the First Court Hearing.

The Scheme Meeting

9. The Scheme Meeting will be held virtually at 10.00 a.m. (London time) / 11.00 a.m. (CET) on 28 June 2024. Policyholders who wish to attend and vote at the Scheme Meeting (or who wish to ask someone to attend in their place), must download a Voting Form from the Website (or request a copy to be e-mailed or posted), complete it and then return it by email or post to the Company at Reliance National Insurance Company (Europe) Limited c/o Premia UK Services Company Ltd, 2 Minster Court, Mincing Lane, London, EC3R 7BB, England by no later than 5.00 p.m. (London time) on 25 June 2024. Details of how to attend the Scheme Meeting shall be given to Policyholders who pre-register to attend the Scheme Meeting shortly before the Scheme Meeting.
10. The Company has appointed Michele Tavazzi to act as a chair of the Scheme Meeting (the **Chair of the Scheme Meeting**). The Chair of the Scheme Meeting is a partner in Tavazzi Law Firm, one of the Company's panel of law firms, which deals with claims under the Insurance Policies. A copy of his curriculum vitae is available on page 77.
11. At the Scheme Meeting, the Chair of the Scheme Meeting will explain the key features of the Scheme to the attendees. In addition, the Company's Directors and the Scheme Advisers will be available to answer questions. You can submit your questions in advance or ask them during the Scheme Meeting.
12. It may be possible for the Chair of the Scheme Meeting to announce at the end of it whether or not the Scheme has received the required votes in favour. If it is not possible to do that then the Company will announce the outcome of the votes as soon as possible after the Scheme Meeting by placing a notice on the Website.

How will votes be valued?

13. Policyholders are entitled to submit a value on their Voting Form for the amount that they consider that they will be owed for a Scheme Claim (and therefore the amount that they consider should be admitted for voting purposes). Policyholders will need to submit a value for their Scheme Claim if they wish their Voting Form to be admitted as a Claim Form in the Scheme.
14. For the purposes of valuing votes at the Scheme Meeting, the Chair of the Scheme Meeting will make a determination of the value of each Scheme Claim. Scheme Claims will be calculated net of any known set-off or other relevant deductions. The Chair of the Scheme Meeting will take into consideration: (i) the information provided by the Policyholder; (ii) the information available to the Company from its existing records; and (iii) if any, the report of the Independent Vote Assessor (whose role is explained in paragraph 17 below).

15. The Chair of the Scheme Meeting has the power to reject a Scheme Claim for voting purposes, in whole or in part, if it considers (in its absolute discretion) that it does not represent a reasonable assessment of the value of the Scheme Claim to which it relates. However, where the Chair of the Scheme Meeting has changed or rejected a Policyholder's assessment of the value of its Scheme Claim for voting purposes, it will, if possible, notify the relevant Policyholder of such decision, and the reasons therefore, before the Scheme Meeting.
16. In the event that:
 - (a) all votes cast in respect of the Scheme are cast in favour of it; or
 - (b) the Scheme is approved by the requisite majority of Policyholders in the Scheme Meeting where the Chair of the Scheme Meeting attributes:
 - (i) the higher of the Chair of the Scheme Meeting's or the Policyholder's valuation of a Scheme Claim when valuing the votes cast against the Scheme; and
 - (ii) the lower of the Chair of the Scheme Meeting's or the Policyholder's valuation of a Scheme Claim when valuing the votes cast in favour of the Scheme,

the Company shall, as soon as reasonably practicable after the Scheme Meeting, apply to the Court for the sanction of the Scheme. This is because, where these events apply, there is no scenario where the requisite majority approval required for the Scheme, will not be satisfied.

17. Where the events described in paragraph 16(a) or 16(b) do not apply, the value attributed to the votes cast at the Scheme Meeting shall be subject to an assessment by an independent person (the **Independent Vote Assessor**) as described in paragraphs 18 and 19 below. The Company has appointed Derek Newton as the Independent Vote Assessor. Details of the Independent Vote Assessor's expertise are set out in his curriculum vitae at Appendix 4 to this Explanatory Statement.
18. The Chair of the Scheme Meeting shall provide the Independent Vote Assessor with a list of, and certain details regarding, all votes submitted at the Scheme Meeting. The direction of the vote cast will not be disclosed to the Independent Vote Assessor. The Chair of the Scheme Meeting will indicate which votes, in his opinion, should be reviewed by the Independent Vote Assessor. This will include:
 - (a) all votes against the Scheme;
 - (b) sufficient votes in favour of the Scheme to determine whether the requisite majority has been achieved; and
 - (c) any additional votes the Chair of the Scheme Meeting shall request.
19. The Independent Vote Assessor shall review the Chair of the Scheme Meeting's valuations of each vote indicated to him by the Chair of the Scheme Meeting (and such other votes as he shall reasonably determine) and shall report his findings to the Chair

of the Scheme Meeting, who will review the values placed on the votes at the Scheme Meeting. The Independent Vote Assessor's report will be made available to the Court at the hearing to consider the approval of the Scheme. If the Chair of the Scheme Meeting revises his view of the value of a vote following review by the Independent Vote Assessor, the Policyholder will be notified of the revised determination. If there is any dispute, the Independent Vote Assessor's decision will be final and binding, subject to the Policyholder's right to make any objection known to the Court at the Second Court Hearing. The Chair of the Scheme Meeting will include details of any dispute in his report to the Court of the result of the Scheme Meeting and full details will be included in the evidence filed with the Court for the Second Court Hearing.

20. The values attributed to a Scheme Claim admitted for voting purposes (whether based on a value attributed by the Chair of the Scheme Meeting, Policyholder or Independent Vote Assessor) will not constitute an admission of the existence or amount of any Scheme Claim and will not bind the Company or the Policyholder.
21. For the purposes of voting at the Scheme Meetings, Scheme Claims will be valued in euros.
22. **Important note: Whatever value is ultimately applied to a Policyholder's vote for voting at the Scheme Meeting, it should note that this:**
 - (a) **does not necessarily mean that it will have an Ascertained Scheme Claim in the Scheme; and**
 - (b) **it will not affect the amount that they may receive under the Scheme.**

PART G: YOUR RIGHTS TO OBJECT TO THE SCHEME

1. Policyholders have the right to object to the Scheme and make their objections known to the English Court.

What can the Policyholder object to?

2. A Policyholder can object to the Company's determination that all Policyholders can vote together in a "single class" at the Scheme Meeting. Further detail on what this means is set out in the Practice Statement Letter dated 15 April 2024. A copy of the Practice Statement Letter is available here: <https://reliance-national-insurance-company-europe.co.uk>. The question about "class" is essentially whether the Policyholders' rights are sufficiently similar that they can consider and vote on the Scheme together. At the First Court Hearing, the Court determined that there should only be one class of Scheme Meeting. However, if any Policyholder wishes to argue at the Second Court Hearing that all Policyholders could not vote together in one class, it will need to satisfy the Court that it had a good reason for not raising the issue at the First Court Hearing when this matter was considered.
3. A Policyholder can object to the Scheme if it believes it is not fair. In this respect the Court will consider whether Policyholders could reasonably have approved the Scheme (i.e. that there is a compromise or arrangement effected in the Scheme, rather than a confiscation of Policyholder rights without anything in return).
4. A Policyholder can object to the Scheme if they believe that the Policyholders who voted for the Scheme are not a fair representation of the interests of the group of creditors who were entitled to vote.
5. A Policyholder can object to the Scheme if they consider that the requirements of Part 26 of the Companies Act 2006 for implementing the Scheme have not been met, or that there are otherwise reasons why the Court should not sanction the Scheme as a matter of discretion.
6. A Policyholder can object to the Scheme if they think that the Scheme has not been properly explained to the Policyholders.
7. A Policyholder can object to the valuation of its Scheme Claim for voting purposes.
8. For the avoidance of doubt, the list of possible objections given above is not exhaustive.

How can a Policyholder object to the Scheme?

9. A Policyholder can object to the Scheme in three ways:
 - (a) It can vote against the Scheme.
 - (b) It can send its objections to the Company and the Company will bring those objections to the Court's attention. A Policyholder can do this by email to RNICEScheme@Premiare.uk by 5.00 p.m (London time) on 12 July 2024, being 5 clear business days before the Second Court Hearing.

- (c) It can attend the Second Court Hearing where the Company asks the Court to approve the Scheme and explain its objection(s) to the Court itself. The Court is likely to give any Policyholder the chance to speak during the hearing if it wishes to do so. If a Policyholder wishes to attend the Second Court Hearing to explain an objection to the Court directly, please let the Company know in advance by emailing RNICEScheme@Premiare.uk so that the Company is aware of your objection before the hearing.
10. Please note that a Policyholder is entitled to attend the Second Court Hearing even if it does not wish to object to the Scheme. There is no requirement to speak: the Policyholder can attend the hearing to just listen. If a Policyholder wishes to come to the Second Court Hearing, please email the Company at RNICEScheme@Premiare.uk beforehand.

What if the Policyholder has questions, but not necessarily an objection?

11. Policyholders can contact the Company using the details at page 5 with any questions.

APPENDICES TO THE EXPLANATORY STATEMENT

APPENDIX 1: DOCUMENTS AVAILABLE FOR INSPECTION ON THE WEBSITE

1. Scheme Documents including:
 - 1.1 Explanatory Statement
 - 1.2 Scheme
 - 1.3 Notice of Scheme Meetings
 - 1.4 Voting Form
 - 1.5 Claim Form
 - 1.6 Court order convening the Scheme Meeting
2. Practice Statement Letter

APPENDIX 2: CURRICULUM VITAE OF THE SCHEME ADVISERS

KEVIN GILL

Kevin has been a Partner at EY since 2008 and leads its Insurance Restructuring and Run-off team as well as EY's UK solvent exits and rationalisation practice.

Kevin is the Chairman of the Insurance and Reinsurance Legacy Associations (IRLA).

In addition, Kevin is the Chief Risk Officer and Director of Municipal Mutual Insurance Ltd, which is in a scheme of arrangement.

He has over 30 years' experience dealing with the run-off or restructuring of insurance underwriters and brokers, advising across strategy, operating model, delivery, restructurings and transactions.

He has been involved in developing or implementing schemes of arrangement for over 40 insurance companies to bring finality to their legacy business. He was also the scheme administrator of two innovative redress schemes of arrangement.

Kevin's legacy insurance transactions include advising on disposals for Interhannover, HSBC, Allianz, Unilever and the Credit Suisse Pension Scheme and acquisitions for Swiss Re and Ruxley.

Kevin has managed the run-off of many insolvent insurance and reinsurance companies based in the UK, Belgium and Singapore. He is currently assisting with the CX Re and East West Insurance Company run-offs being administered by EY.

He has performed several financial, vendor and commercial due diligence engagements across the run-off sector.

Kevin has also advised on many transfers under Part VII of the Financial Services and Markets Act 2000 as part of transactions or internal reorganisations.

He also has significant experience of insolvent insurance brokers and independent financial advisers and resolving broker legacy issues.

Kevin is a Chartered Accountant and a Chartered Insurance Practitioner.

RICHARD BARKER

Richard is a Partner in the Ernst & Young Turnaround and Restructuring Strategy team based in London. He has 22 years experience gained across a breadth of restructuring and formal insolvency assignments, both solvent and insolvent.

Richard has extensive experience advising and assisting directors and other stakeholders across a breadth of restructuring transactions with a particular focus on: Financial Services insolvencies; wind-down and/or liquidation of onshore and offshore fund structures; schemes of reconstruction pursuant to s.110 of the Insolvency Act 1986; business wind-down and closure management; and legal entity rationalisation programmes.

Richard is a joint administrator and FCA approved person of East West Insurance Company, a UK regulated insurance company with liabilities arising under a portfolio of building guarantee policies.

Richard is also a scheme administrator and FCA approved person in respect of the schemes of arrangement of Municipal Mutual Insurance. This is large Solvency II regulated mutual insurer in run-off with significant, long tail Employer Liability and Public Liability claims exposure.

He is a joint administrator and FCA approved person of CX Reinsurance Company Limited, a UK regulated insurance company with long tail liabilities arising under a portfolio of direct and reinsurance contracts, largely in the US.

Richard was a joint administrator of Kaupthing Singer & Friedlander and was responsible for critical administration work streams to facilitate payment of compensation to Financial Services Compensation Scheme qualifying clients. This included the management and negotiation of complex claims against its Icelandic parent; establishment and management of the claim adjudication and distribution procedures for a creditor base in excess of £4.5bn; and numerous Court applications in relation to claims, disputes and procedural issues arising in the administration.

Richard is a licensed Insolvency Practitioner and a fellow of the Association of Chartered Certified Accountants

APPENDIX 3: CURRICULUM VITAE OF THE SCHEME ADJUDICATORS

ITALY: PROF. LAWYER GIANLUCA BRANCADORO

In 1978, Prof. Brancadoro graduated at “La Sapienza” University in Rome with highest honours, with a thesis on Competition Law.

He is a professor of Business Law at the University of Teramo and an author of numerous publications in insurance matters.

Since 1981 Prof. Brancadoro has been a lawyer in Rome and co-owner of Associated Law Firm with offices in Rome and Milan and corresponding offices in major Italian cities. He is also licensed to practice before the Superior Jurisdictions.

From 2005 to 2009, Prof Brancadoro served as a Board Member of IVASS, the Insurance Industry Authority.

Fiduciary of CONSOB and Banca d’Italia, of the latter the general manager is also by law the President of IVASS

Numerous assignments related to the supervision of credit institutions and financial intermediation companies as well.

Fiduciary of the Italian government, from which he has received numerous assignments in the quality of the Government Commissioner for large companies in financial crisis, including Alitalia S.p.A.

From 2013 to 2014, Prof Brancadoro was an independent director of Milano Assicurazioni S.p.A. and participated in the integration of Fondiaria SAI Group with UNIPOL Assicurazioni S.p.A.

Prof Brancadoro carries out litigation activities, particularly before the Supreme Court of Cassation and in arbitration, with positions of party arbitrator, sole arbitrator, and Chairman of the Board.

Prof Brancador also provides legal advice for international business groups, with a specific expertise in corporate transactions (in acquisitions, restructurings, and other extraordinary transactions) and in contract law (in drafting and review).

ITALY: AVV. MICHAEL JONATHAN FARGION

In 2014, Mr. Fargion founded the Law Firm “Studio Legale avv. Michael Jonathan Fargion”, offering specialized advice and assistance, both in litigation and out of the court, to companies and individuals in different areas of Civil Law.

The Firm gained specific skills with regard to the evaluation of the effectiveness of the insurance coverage, the validity of the claims made clause, the obligations of the malpractice insured both in the pre-contractual phase and during the execution of the contract, the application of deductibles and of recourse actions.

The Firm represents both victims of malpractice and insurance companies in court and, where possible, in out of the Court negotiations, operating throughout the national territory through a network of correspondents and availing itself of the support of well-known medical-legal consultants.

The Firm carries out preventive examination of each case, evaluating the opportunity to reach a settlement in order to avoid litigation, in the course of a judicial proceeding or in the event of an unfavourable outcome of the first instance judgement, taking care of the negotiations with counterparties.

The Firm analyses the terms of operation of the policy, both in terms of time, of the object of the coverage and of the fulfilment of the obligations of the insured in the pre-contractual phase and in the course of execution of the contract. In the event of inoperability of the coverage, the Firm assist the Company in Court, articulating the exceptions and defences of a contractual nature.

The Firm has gained experience in dealing cases of considerable complexity, such as fatal accidents, high permanent disability of newborns and minors (so-called baby cases), poorly performed surgeries and contagion from nosocomial infections.

Mr. Fargion has been enrolled in the Attorney Register since 2005 and enrolled in the Special Register admitted to practice before the Italian and European Superior Courts since 2022.

From 2007 to 2014, Mr. Fargion collaborated as Attorney at the Law Firm “Studio Legale prof. avv. Enrico del Prato”, consolidating skills in litigation and extrajudicial activities (case evaluation, clients and counterparties confrontation, out-of-court settlements). During the collaboration with prof. del Prato, dealt with different areas of Civil Law as Commercial Law, Insolvency and Bankruptcy Law, Civil and Professional liability and medical malpractice.

From 2003 to 2006, collaborated as practicing Attorney at the Law Firm “Studio Legale prof. avv. Paolo Picozza”.

From 2011 to 2014 Mr Fargion collaborated as assistant at Civil Law Chair at Rome University “Roma 3” and at the postgraduate Specialization School for legal professions at Rome University “La Sapienza”.

In 2004 Mr. Fargion completed the postgraduate Specialization School for legal professions at Rome University “La Sapienza”. In 2002, Mr. Fargion graduated in Law at Rome University “La Sapienza”, with thesis in Comparative Private Law.

ITALY: PROF. AVV. LUIGI FARENGA

Prof Farenga graduated in Law from the «Sapienza» University of Rome.

From 2001 Prof. Farenga has been a full professor of Commercial Law at the Department of Economics of the University of Perugia. At the same Department he is also the holder of the subject of Corporate Crisis Law (formerly Bankruptcy Law) and has taught insurance Law from 1992 to 2005

From 2007 to 2019: Prof. Farenga was the Professor of Commercial Law at the Department of Business and Management of LUISS - Guido Carli in Rome.

Author of about 50 publications including monographs, articles, judgment notes, conference reports and encyclopaedic entries, ranging from commercial law, insurance law, to banking and bankruptcy law. Author of the following monographic works: «The shareholder contracts» (Giuffrè, 1987), «The banking money» (Giappichelli, 1997), «The extraordinary administration of large companies in state of insolvency. The prodromal phase of judicial commissioner (so called observation phase)» (Giuffrè, 2005). He is also the author of the Manual of commercial law (Giappichelli, 2020), both adopted by numerous universities.

Prof Farenga has always accompanied his professional activity as a lawyer to scientific and didactic activity. He has been enrolled in the Rome Bar since 1982, and, since 1995, in the special one of the Supreme Court. Since graduation he has carried out professional activity, specializing above all in the field of commercial, insurance and bankruptcy law.

Prof. Farenga has particular expertise in insurance matters; as mentioned, he is the author of a Manual of Private Insurance Law now in its sixth edition for the Giappichelli Publishing House (2019). He is also the editor of an Insurance Code annotated with the Cassazione jurisprudence for the La Tribuna publishing house, now in its twentieth edition (2022).

He is also a member of the Committee of Insurance Experts set up at the Ministry of Economic Development to monitor prices of motor vehicle liability policies and pursuant to art. 136, paragraph 2 of Legislative Decree 209/2005.

Among his most important positions is the Judicial Liquidator of Federconsorzi (Federazione Italiana dei Consorzi Agrari) in arrangement with creditors and extraordinary commissioner of the Cirio-Del Monte Group.

He is a consultant for organizations and important companies. He has held management positions on boards of directors (including Invest Banca s.p.a., later absorbed by Antonveneta, now the MPS Group).

He has been a member of numerous arbitration boards. He has an office in Rome, in the Parioli district, in via Antonio Bertola.

SPAIN: ALBERTO PÉREZ CEDILLO

Alberto Perez Cedillo Spanish Lawyers and Solicitors Limited

As a dually qualified Spanish abogado and English solicitor, Mr. Cedillo has for 20 years been closely involved with private international law/conflicts of law and with a variety of international personal injury matters, has expertise in multi-jurisdiction litigation, including forum disputes, international enforcement, and international treaties. Most clients are referred to by law societies, embassies, consulates, other firms of solicitors and chambers of barristers. He chaired Committee 13 Negligence and Damages of the IBA from 2002 to 2004, founding member of Pan European Organisation of Personal Injury Lawyers (PEOPI)L, founding president of the British Spanish Law Association, representative of the Spanish Association of Personal Injury Lawyers “Abogados de Responsabilidad Civil y Seguro” in England and Wales, and former chair of the International Special Interest Group of the Association of Personal Injury Lawyers (APIL).

He lectures extensively on foreign accidents, and he is often called as an expert witness before English courts to provide expert advice on all matters concerning personal injury in Spain. Alberto regularly publishes articles related to personal injury issues between England and Spain and he is often a speaker at international conferences.

He currently practises between Madrid and London.

Alberto has been instructed to provide advice on Spanish law in quantum cases in catastrophic accidents, professional and clinical negligence cases and appears regularly in settlement negotiations and mediations arising out of these disputes.

APPENDIX 4: INDEPENDENT VOTE ASSESSOR – CURRICULUM VITAE

DEREK NEWTON

Current Responsibility

Derek is a principal and senior consultant in Milliman's London office. His role is to lead the long-term development and day-to-day management of Milliman's UK Casualty practice, as well as service delivery to clients. He joined the firm in 2003.

Experience

Derek has experience with reserving, M&A activity, premium rating, the underwriting process, management reporting, designing and evaluating risk transfer mechanisms, Part VII transfers, risk modelling, and capital and solvency evaluation. His past projects include:

- Leading teams reviewing reserves (and the internal reserving processes) for various insurers and reinsurers, including, where relevant providing statements of actuarial opinion for Lloyd's, for the Central Bank of Ireland, for the Bermudan Monetary Authority and for the relevant US insurance departments.
- Assisting insurers with the preparation of solvency capital assessments, both internal and in accordance with prevailing regulatory requirements.
- Leading assignments to review the underwriting effectiveness of several insurance operations, both commercial and personal lines, resulting in improved efficiency and additional profits to the insurers.
- Providing independent expert support to a insurers arranging a transfers of business between themselves.
- Providing expert-witness support to lawyers involved in legal action concerning insurance companies and insurance claims both in the UK and elsewhere.
- Leading the evaluation of the reinsurance strategy and reinsurance programme for a major insurer.
- Leading the review of various European insurers as part of due diligence assignments.

As such, Derek has experience of working in all areas of general insurance, including personal lines, commercial lines, property covers, liability covers, businesses in run-off, APH claims, direct insurance and reinsurance.

Before joining Milliman, Derek was:

- A director of Heath Lambert's ART division (2002-2003)

- A partner within Ernst & Young's UK property and casualty consulting practice (1998-2001)
- In a variety of roles within Prudential, culminating in finance director and actuary for Prudential's UK general insurance operation (1983-1998)

Professional Designations

- Fellow, Institute and Faculty of Actuaries (**IFoA**)
- Holds a practicing certificate, as issued by the IFoA, to act as Chief Actuary for general insurance companies. Derek has fulfilled many roles with the IFoA over the last 20 years, including the following:
 - Member and Chairman, General Insurance Board
 - Member and Chairman, General Insurance Reserving Oversight Committee
 - Member of Council
 - Member of the Management Committee
 - Member/Chairman of various actuarial working parties and author of papers.

APPENDIX 5: CHAIR OF THE SCHEME MEETING – CURRICULUM VITAE

Biography

Michele TAVAZZI

Founder Tavazzi Law Firm

Expertise

Civil liability, health law, insurance law, professional liability, quantification and compensation for damages, informed consent, data processing and GDPR, ADR and mediation, administrative and accounting liability, claims management techniques, insurance protection of assets for facilities and professionals, defective product damage, claims made clauses, differential damages, accidents at work, Tenders Code and ANAC directives, professional liability of intermediaries.

Michele TAVAZZI is the Founding partner of the TAVAZZI LAW FIRM. The Law Firm, based in Bologna but operating for over 20 years throughout Italy, offers its Clients a very diversified range of services, ranging from extrajudicial consultancy to contractual matters, up to the highest and most complex procedural assistance, in order to best meet any particular and specific need, thanks to a team of 16 collaborators, ISO 27001-certified management software, with data storage in the cloud, which guarantees immediate disaster recovery procedures and is equipped with an internal network, servers and the most up-to-date data protection tools. **Michele TAVAZZI** is a corporate trustee of leading Italian and foreign insurance companies, local authorities and companies for many years, he works in and out of court throughout Italy and, for consultancy activities, also abroad. He has developed specific skills in both extrajudicial phases and in judicial litigation related to business and professional civil liability, with particular reference to the medical health sector.

Michele TAVAZZI is lecturer or speaker on several topics thanks to the significant experience gained in handling of administrative and accounting liability disputes before the Court of Auditors, public and private tenders, professional liability disputes involving multiple professional figures, disputes involving Directors & Officers (so-called D&O policies), CAR (Construction All Risks) policies, as well as cases before the Employment Tribunal.

Bar Admissions

Michele Tavazzi is enrolled in Bologna Bar Register since 2001 and in the special register of lawyers admitted to legal aid before the Court of Cassation and other Superior Jurisdictions

Education

1998 Master in Law at the Alma Mater Studiorum, Bologna University

APPENDIX 6:
SUMMARY OF FINANCIAL STATEMENTS (2017 – 30 JUNE 2023),
MANAGEMENT ACCOUNTS (31 DECEMBER 2023) AND DRAFT ACCOUNTS (31
MARCH 2024)

Reliance National Insurance Company (Europe) Limited								
Summary Financial information								
	Year Ended							
	2017	2018	2019	2020	2021	30/06/2023	31/12/2023	31/03/2024
Balance Sheet	USD'M	USD'M	USD'M	USD'M	EUR'M	EUR'M	EUR'M	EUR'M
Investments	-	125.3	120.1	88.5	44.0	5.5	7.3	16.7
Insurance debtors	-	6.3	1.7	2.7	3.2	1.9	2.7	2.3
Reinsurance debtors			1.4	0.5	-	-	-	-
Reinsurance on outstanding claims	-	1.3	0.4	-	0.2	0.9	0.9	0.9
Other debtors	0.2	1.1	6.8	0.3	0.5	-	0.6	0.6
Cash at bank	5.3	13.7	0.6	13.9	14.1	20.0	12.9	1.5
	5.5	147.7	131.0	105.9	62.0	28.3	24.4	22.0
Liabilities								
Insurance creditors	-	0.4	2.5	0.3	1.3	2.7	1.2	0.6
Outstanding claims	0.3	66.7	54.6	66.7	52.1	21.1	13.1	12.4
Other creditors	0.6	0.6	0.8	0.8	1.3	1.0	7.8	7.8
	0.9	67.7	57.9	67.8	54.7	24.8	22.1	20.8
Net assets	4.6	80.0	73.1	38.1	7.3	3.5	2.3	1.2
Shares capital/contribution	-	74.0	74.0	61.5	54.0	54.0	54.0	54.0
P&L Reserve	4.6	6.0	(0.9)	(23.4)	(46.7)	(50.5)	(51.9)	(52.8)
	4.6	80.0	73.1	38.1	7.3	3.5	2.1	1.2
Underwriting profit/(loss)	-	1.7	(4.4)	(21.4)	(23.8)	1.8	(1.3)	(1.0)
Costs less ULAE	(0.3)	(0.5)	(2.8)	(1.7)	(2.0)	(5.2)	(0.8)	-
Income	-	0.2	1.5	0.6	1.9	(0.4)	0.7	0.1
Profit/(loss) in the period	(0.3)	1.4	(5.7)	(22.5)	(23.9)	(3.8)	(1.4)	(0.9)

**SECTION II
SCHEME OF ARRANGEMENT
(PART 26 OF THE COMPANIES ACT 2006)**

between

RELIANCE NATIONAL INSURANCE COMPANY (EUROPE) LIMITED

and its

POLICYHOLDERS

(as defined herein)

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1. PART 1 - PRELIMINARY

1.1 Definitions

In this Scheme, unless the context otherwise requires or otherwise expressly provides, the following expressions have the following meanings:

"Administration Event"	means the appointment of one or more administrators to the Company pursuant to the Insolvency Act;
"Affiliate"	means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company;
"Agent"	means any person other than a broker who is expressly authorised in writing to act as an agent, attorney or representative for a Policyholder;
"Agreed Determination Notice"	has the meaning given to that term in Clause 4.4.8;
"Ascertained Scheme Claim"	means a Liability of the Company to pay an ascertained sum of money in respect of a Scheme Claim as set out in a First Determination Notice (where the Policyholder has expressly agreed to that determination or otherwise not objected to it in accordance with Clause 4.4.7), Agreed Determination Notice or Second Determination Notice (where the Policyholder has expressly agreed to that determination or otherwise not objected to it in accordance with Clause 4.6.1) or as determined by the Scheme Adjudicator;
"Board"	means Mr Mark Batten, Mr Andrew Thompson, Mr James Bolton and Mr Sean McDermott or such other persons as are appointed Directors of the Company in accordance with the Companies Act and the Constitutional Documents, from time to time;
"Business Day"	means any day (other than Saturday, Sunday or any other day on which banks in London are not open for business);
"Claimant"	means any person that has brought a Third Party Claim against a Policyholder;
"Claim Form"	means the form set out in Section V of the Scheme Document;
"Claims Deadline"	Six (6) months from the Effective Date;
"Claims Handling Costs"	means the costs of providing the Claims Handling Services;

"Claims Services"	Handling	means the services of the Company that are provided to a Policyholder in order to support the handling of Third Party Claims made by a Claimant against a Policyholder;
"Claims Methodology"		means the methodology for determining Ascertained Scheme Claims, as set out in Schedule 1;
"Companies Act"		means the Companies Act 2006;
"Company"		means Reliance National Insurance Company (Europe) Limited, a company incorporated and registered in England and Wales on 29 August 1979 as a limited liability company with registration number 01445992 and with its registered office at 2 Minster Court, Mincing Lane, London, England, EC3R 7BB;
"Compensation Rules"		means the rules set out in the Solvency II Firms, Policyholder Protection section the PRA Rulebook;
"Completion"		has the meaning given to that term in Clause 10.1.1(a);
"Constitutional Documents"		means, in relation to the Company, its "constitutional documents", as defined in section 17 of the Companies Act;
"Court"		means the High Court of Justice of England and Wales;
"Deductible"		means an amount due to the Company by a Policyholder for any deductible payable in respect of a Third Party Claim and any outstanding amounts payable as a deductible in respect of any claims previously paid by the Company under an Insurance Policy;
"Delegate"		has the meaning given to that term in 8.2.1(b);
"Directors"		means the directors of the Company from time to time and "Director" shall be construed accordingly;
"Disputed Claim"	Scheme	has the meaning given to that term in Clause 4.4.7;
"Effective Date"		means the date on which an office copy of the Court order sanctioning the Scheme is delivered for registration to the Registrar of Companies;
"Employee"		means any partner or director in the same firm as a Scheme Adviser, or any individual employed, whether under a contract of service or a contract for services, by that firm or by any company owned by that firm, who is employed

by the Scheme Advisers in connection with the conduct of their functions and powers under the Scheme;

"Excluded Assets"

means:

- (a) the amount determined from time to time, by the Company in consultation with the Scheme Advisers, to be required to fully discharge all liabilities or costs in relation to the Excluded Claims;
- (b) the amount required to discharge or reserve for Scheme Costs;
- (c) any claims in respect of the costs in relation to any steps taken with the PRA to de-authorise the Company;
- (d) the consideration of £1,000,000 payable by the Company to EIFlow Insurance Limited under the terms of the agreement between the Company and EIFlow in respect of the UK Employers' Liability Claims;
- (e) to the extent that the Company is required to maintain reserves by any relevant authority, the amount to be held by the Company as a cash reserve. For the avoidance of doubt such amount shall not include the capital reserved by the Company for its Minimum Capital Requirement.

"Excluded Claims"

means any claims against the Company under an Insurance Policy (other than a Scheme Claim) as follows:

- (a) any claims in relation to an Insurance Policy where a claim has been agreed in writing between the Company and the Policyholder before 15 April 2024;
- (b) any claims in relation to an Insurance Policy which are the subject of a binding and non-appealable judgment before 15 April 2024;

"Explanatory Statement"

means the explanatory statement required to be provided to Policyholders in connection with this Scheme pursuant to section 897 of the Companies Act explaining the effect of the Scheme, as set out in Section I of the Scheme Document;

"Final Judgment"	means the final unappealable decision from a court in relation to a Third Party Claim;
"Final Payment Percentage"	means the last Payment Percentage set by the Company, prior to Completion or Other Termination of the Scheme provided that, where the relevant Payment Percentage is to be less than 100%, such Payment Percentage shall be determined, in conjunction with the Scheme Advisers, at a percentage that applies all Scheme Assets in payment of Ascertained Scheme Claims;
"First Determination Notice"	has the meaning given to that term in Clause 4.4.3;
"FSMA"	means the Financial Services and Markets Act 2000;
"Holding Company"	means a person in respect of which a Subsidiary is a Subsidiary of that person;
"Independent Vote Assessor"	means Derek Newton, the independent person appointed by the Company for the purposes of independently assessing the value of the votes cast at the Scheme Meeting;
"Individual Termination Event"	<p>in relation to an individual Office Holder means that Office Holder:</p> <ul style="list-style-type: none"> (a) dies; (b) becomes bankrupt or subject to an individual voluntary arrangement or takes or becomes subject to any similar or analogous step or procedure in any jurisdiction; (c) is admitted to hospital because of mental disorder or is the subject of an order in matters concerning his mental disorder made by a court having jurisdiction in England or elsewhere in such matters; (d) is disqualified from acting as a director under the Company Directors Disqualification Act 1986 or any equivalent legislation in Italy (in respect of the Italian Scheme Adjudicators) or Spain (in respect of the Spanish Scheme Adjudicator); (e) becomes unable to perform his duties by reason of illness or any other reason; or (f) is convicted of an indictable offence;

"Insolvency Act"	means the Insolvency Act 1986;
"Insolvency Event"	means, in relation to the Company, the occurrence of an Administration Event or a Liquidation Event;
"Insolvency Rules"	means the Insolvency Rules (England and Wales) 2016;
"Insurance Policy"	means a contract of insurance issued to public and private hospitals and other healthcare institutions in Italy and Spain that was originally written by QBE and transferred to the Company pursuant to the Part VII Transfer;
"Italian Scheme Adjudicator"	means each Named Italian Scheme Adjudicator and/or such other independent person as is appointed in accordance with Clause 7.5.2 to determine the value of a Disputed Scheme Claim under an Insurance Policy governed by the laws of Italy;
"Liability"	means 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 by statute under English law or the law of any other jurisdiction which applies to that liability or is otherwise unenforceable. For the avoidance of doubt, where any contract or policy is void or, being voidable, has been duly avoided, no obligation or liability shall arise in respect of such contract or policy;
"Liquidation Event"	means the appointment of one or more liquidators in accordance with the Insolvency Act;
"Named Italian Scheme Adjudicator"	means Gianluca Brancadoro, Michael Jonathan Fargion and/or Luigi Farenga
"Office Holder"	means a Scheme Adjudicator and/or a Scheme Adviser;
"Other Termination"	has the meaning given to that term in Clause 10.1.1(b);
"Part VII Transfer"	means the transfer of the portfolio of Italian and Spanish medical malpractice insurance policies originally written by QBE pursuant to Part VII of FSMA and by order of the Court on 15 November 2018;

"Parties"	means the Company and the Policyholders;
"Payment Percentage"	means the percentage of each Ascertained Scheme Claim to be paid, as determined in accordance with Part 5;
"Policyholder"	means any person who is pursuing, or would like to pursue, a Scheme Claim;
"Post"	means delivered by a generally recognised commercial courier service, pre-paid first or second class post, or airmail;
"Practice Statement Letter"	means the letter dated 15 April 2024 and sent in accordance with the English Practice Statement (Companies: Schemes of Arrangement under Part 26 and Part 26A of the Companies Act 2006) dated 26 June 2020
"PRA"	means the Bank of England, acting in its capacity as the "Prudential Regulation Authority" (as defined in section 2 of FSMA);
"PRA Rulebook"	means the rulebook issued by the PRA, pursuant to section 137G of FSMA;
"Proceeding"	means any form of proceeding in any jurisdiction or forum including, without limitation, any legal proceedings, demand, arbitration, alternative dispute resolution procedure, judicial review, adjudication, mediation, execution, seizure, distraint, forfeiture, re-entry, enforcement of judgment or enforcement of any security or any step taken for the purpose of creating or enforcing a lien;
"Property"	means 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, future, vested or contingent arising out of or incidental to, property and including, for the avoidance of doubt, all contributions to the assets of the Company not falling within the meaning of the Company's property under the Insolvency Act;
"QBE"	means QBE Insurance (Europe) Limited;
"Registrar of Companies"	means the registrar or other officer performing under the Companies Act the duty of registration of companies in England and Wales;
"Related Parties"	means the Affiliates, directors, partners, members, officers or employees of any party.

"Released Parties"	has the meaning to that term in Part 9;
"Scheme"	means the scheme of arrangement in respect of the Company under Part 26 of the Companies Act in the form set out in this document with or subject to any modification, addition or condition approved or imposed by the Court and that is consented to by the Company in accordance with Clause 11.1;
"Scheme Adjudicator"	means each of the Italian Scheme Adjudicators and the Spanish Scheme Adjudicator;
"Scheme Adjudicator Determination Notice"	means a notice issued in accordance with Clause 4.7.6;
"Scheme Adviser"	means a person appointed from time to time as a Scheme Adviser in accordance with Clause 8;
"Scheme Assets"	means all assets of the Company whether actual, prospective or contingent but excluding at all times the Excluded Assets;
"Scheme Claim"	means any claim against the Company under or arising out of any Insurance Policy, except Excluded Claims;
"Scheme Costs"	means: <ul style="list-style-type: none"> (a) all costs, charges, expenses, disbursements and other debts incurred by the Company in the course of implementing and carrying out the Scheme, including, for the avoidance of doubt, any cost permitted to be paid by the Company in accordance with the Scheme or any cost incurred by the Company in exercising any right or obligation of the Company in the Scheme; (b) all costs, charges, expenses, disbursements and other debts incurred by the Company in the course of complying with the provisions of the Companies Act or Insolvency Act or any other statutory or regulatory obligations; (c) insofar as they do not fall within (a), all costs, charges, expenses and disbursements incurred by, and the remuneration of the Office Holders as well as any advisers or medical experts engaged by the Company; and (d) the Claims Handling Costs.

"Scheme Document"	means the document dated 13 May 2024 and available at the Website;
"Scheme Meeting"	means the meeting of the Policyholders to vote on the Scheme which took place on 28 June 2024;
"Scheme Period"	means the period beginning on the Effective Date and ending on the Termination Date;
"Scheme Trust"	means the trust of the Scheme Assets created by Clause 3.1.1;
"Second Determination Notice"	has the meaning given to that term in Clause 4.4.9;
"Spanish Scheme Adjudicator"	means Alberto Perez Cedillo and/or such other independent person as is appointed in accordance with this Scheme to determine the value of a Disputed Scheme Claim under an Insurance Policy governed by the laws of Spain;
"Subsidiary"	means a subsidiary within the meaning of section 1159 of the Companies Act;
"Termination Date"	means the date that notice of Completion or Other Termination is given in accordance with Part 10 of the Scheme;
"Third Party Claim"	means a claim that is made by a third party against a Policyholder for physical or material damages that have occurred as a result of activities under the Policyholder's responsibility;
"UK Employers' Liability Claims"	means any claim made against the Company in respect of a contract of insurance against risks of the persons insured incurring liabilities to their employees under the Employers Liability (Compulsory Insurance) Act 1969;
"Voting Deadline"	means 5.00 p.m. on 25 June 2024;
"Voting Form"	means the form provided at Section IV of the Scheme Document submitted by a Policyholder by the Voting Deadline for the purpose of voting at the Scheme Meeting; and
"Website"	means https://reliance-national-insurance-company-europe.co.uk .

1.2 Interpretation

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

- 1.2.1 references to Parts, Clauses, sub-Clauses and Appendices are references to the parts, clauses, sub-clauses and appendices respectively of the Scheme;
- 1.2.2 references to a "person" include an individual, firm, partnership, limited liability partnership, company, corporation, unincorporated body of persons or any state or state agency;
- 1.2.3 references to a statute or a statutory provision or to a statutory instrument or provision of a statutory instrument include the same as subsequently modified, amended or re-enacted from time to time;
- 1.2.4 references to a time on a particular day is a reference to that time on that day in London, England;
- 1.2.5 the singular includes the plural and *vice versa* and words importing one gender shall include all genders; and
- 1.2.6 headings to Parts, Clauses, sub-Clauses and Appendices are for ease of reference only and shall not affect the interpretation of the Scheme.

1.3 Participation in the Scheme

- 1.3.1 Each of the Scheme Advisers has consented to act in relation to, and agreed to be bound by, the Scheme from the Effective Date.
- 1.3.2 Each of the Scheme Adjudicators has consented to act in relation to, and agreed to be bound by, the Scheme from the Effective Date.

2. PART 2 – INTRODUCTORY PROVISIONS

2.1 Application of the Scheme

The Scheme applies to all Policyholders with Scheme Claims. The Scheme does not apply to any person in respect of their Excluded Claim.

2.2 Proceedings by Policyholders

2.2.1 Policyholders are not permitted to start, continue or enforce any Proceeding or take any other action whatsoever against the Company in any jurisdiction to establish the existence of, or amount of, or enforce, in any way whatsoever, a Scheme Claim other than with the consent of the Company or to the extent that such restriction is prohibited by law.

2.2.2 Except where the Company has failed to pay a Policyholder in accordance with the terms of the Scheme, no Policyholder is permitted to start or continue any Proceedings whatsoever against the Company or its Property in any jurisdiction whatsoever to enforce payment in whole or in part of any Scheme Claim.

2.2.3 The Company is permitted to start and continue Proceedings against a Policyholder including, but not limited to, in circumstances where:

- (a) the Company is appealing a judgment in relation to a Third Party Claim;
- (b) the Company has any claim against a Policyholder in respect of any Deductible;
- (c) a claim for registration tax (where that registration tax has been paid by the Company to the Policyholder, but such payment has not been passed on to the relevant authority);
- (d) the Company has any claim against a Policyholder in respect of a breach by that Policyholder of the terms of this Scheme; or
- (e) the Policyholder has started or continued Proceedings against the Company.

For the avoidance of doubt, the relevant Policyholder in any Proceedings commenced or continued by the Company under Clauses 2.2.3 shall be entitled to assert and prosecute its Scheme Claim against the Company in such Proceedings.

2.2.4 For the purposes of Clause 2.2.3, the Company shall be deemed not to be continuing any Proceedings which commenced before the Effective Date and in which the Company is not actively prosecuting its claims against such Policyholder.

2.2.5 For limitation purposes, time shall stand still in respect of Scheme Claims from the Effective Date. If the Scheme ends as described in Clause 10.1.1(b), the Company shall not be entitled to reject a claim on the basis that any limitation

period, whether contractual or statutory, has expired since the Effective Date and time will begin to run again from the date of termination.

2.3 Effect of Acts Prohibited by Clause 2.2

- 2.3.1 If, and to the extent that, a Policyholder obtains an order, judgment, decision or award of a court or tribunal against the Company in relation to a Scheme Claim contrary to Clauses 2.2.1 and/or 2.2.2, such order, judgment, decision or award shall not be treated as an Ascertained Scheme Claim and shall be disregarded when determining the Liability of the Company in respect of the relevant Scheme Claim or any Liability of the Policyholder to the Company.
- 2.3.2 If any Policyholder takes any action after the Effective Date which is prohibited by Clauses 2.2.1 and/or 2.2.2, it shall, without prejudice to any other rights of the Company, be treated as having received an advance distribution on account of its Scheme Claim equal to the amount or gross value of any money, Property, benefit or advantage obtained by it at the expense of the Company as the result of such action, and the extent to which it is entitled to participate in any distribution under the Scheme shall be determined accordingly.
- 2.3.3 For the purpose of Clause 2.3.1, the gross value of any money, Property, benefit or advantage obtained by a Policyholder shall be conclusively determined by the Company in accordance with this Scheme and, without limitation, may include such amount as the Company may consider to be appropriate by way of interest, costs, charges or expenses incurred by the Company as a consequence of the relevant Policyholder acting in a manner prohibited by Clause 2.2.
- 2.3.4 If the amount of advance distribution which a Policyholder is treated as having received pursuant to Clause 2.3.1 and 2.3.3 is more than the total amount that Policyholder would otherwise be entitled to receive from the Company in the Scheme, then without prejudice to any other rights of the Company, the Policyholder shall immediately repay the excess to the Company, failing which interest shall accrue on such excess for the period from and including the date upon which the Policyholder's Liability to the Company is established under the Scheme to the date of repayment of such excess, at a rate of 3% over the base rate set by the Bank of England from time to time. Interest shall be calculated on the basis of a 360 day year and shall be payable immediately. Such excess and any interest shall be held on trust for the Company by the relevant Policyholder until paid.

3. **PART 3 – THE SCHEME ASSETS**

- 3.1.1 On and from the Effective Date, the Company hereby declares that it shall hold the Scheme Assets on trust for those persons entitled to payment from the Scheme Assets in this Scheme.
- 3.1.2 The Scheme Assets shall be applied in payment of Ascertained Scheme Claims in accordance with the provisions of the Scheme.
- 3.1.3 The trust referred to in Clause 3.1.1 shall continue notwithstanding the occurrence of an Insolvency Event.
- 3.1.4 The trust referred to in Clause 3.1.1 shall terminate if the Scheme terminates in accordance with Clause 10.1.1.

4. PART 4 – SUBMISSION AND DETERMINATION OF SCHEME CLAIMS

4.1 Notice of the Effective Date and invitation to submit details of Scheme Claim

4.1.1 As soon as reasonably practicable after the Effective Date, and in any event within 21 days, the Company shall give notice of the Effective Date to Policyholders and the Company shall invite Policyholders to submit their Scheme Claims by the Claims Deadline on a Claim Form in the following ways:

- (a) by email to each person whom the Company believes may be a Policyholder and for whom it has an email address;
- (b) where the Company does not have an email address for such Policyholder, by Post to each person whom the Company believes may be a Policyholder and for whom it has a postal address; and
- (c) by notice on the Website.

4.1.2 In or around one month before the Claims Deadline, the Company shall, in accordance with Clause 4.1.1, remind Policyholders who have not yet done so to submit their Scheme Claims by the Claims Deadline.

4.1.3 All Scheme Claims shall be valued as at the Effective Date.

4.2 Submission of Scheme Claims

4.2.1 Except where Clause 4.2.2 below applies, Policyholders must submit their Scheme Claims on a Claim Form and provide all supporting information by no later than the Claims Deadline in order to be eligible to receive a payment in accordance with the Scheme.

4.2.2 For the avoidance of doubt, and subject always to Clause 4.3.3, Policyholders who:

- (a) submit a Voting Form by the Voting Deadline and elect in that Voting Form to have it treated as a Claim Form; or
- (b) submitted a claim after 15 April, 2024, being the date of the Practice Statement Letter,

shall be deemed to have submitted a Scheme Claim on a Claim Form which has been received by the Company on the Effective Date, but only in respect of the claim and amount previously specified.

4.2.3 Policyholders may submit a revised Claim Form, or revised or further information, in respect of a Scheme Claim to the Company at any time up to the Claims Deadline.

4.2.4 No revisions to the quantum of any Scheme Claim will be accepted after the Claims Deadline unless sent in response to a request by the Company pursuant to Clause 4.4.4 or the Scheme Adjudicator pursuant to Clause 4.7.3. No

revisions to the quantum of any Scheme Claim will be accepted after the date on which the relevant Ascertained Scheme Claim is established.

4.3 The requirement to submit a Scheme Claim

- 4.3.1 A Policyholder must submit details of their Scheme Claim on a Claim Form, in accordance with the instructions on that Claim Form, by the Claims Deadline. A Scheme Claim which is not received by the Company on a Claim Form in accordance with the relevant instructions on that form by the Claims Deadline (or which is not deemed to have been received in accordance with Clause 4.2.2) shall be valued at zero and deemed to have been satisfied in full.
- 4.3.2 A Scheme Claim which is not received by the Company on a Claim Form in accordance with the relevant instructions on that form by the Claims Deadline (or which is not deemed to have been received in accordance with Clause 4.2.2) shall be fully and finally released and the Policyholder shall have no further rights in respect of that Scheme Claim.
- 4.3.3 The amount in respect of which a Policyholder is admitted to vote at the Scheme Meeting shall not be binding on anyone other than for the purposes of voting at the Scheme Meeting (and, for the avoidance of doubt, shall not be considered to be an Ascertained Scheme Claim, unless agreed or otherwise determined in accordance with Clause 4.4 below).

4.4 Determination of Scheme Claims

- 4.4.1 Within 30 days after the Company receives (or is deemed to receive) a Scheme Claim on a Claim Form, the Company shall notify the Policyholder in writing of receipt of its Scheme Claim.
- 4.4.2 The Company shall examine each Scheme Claim received by it in accordance with Clauses 4.2.1 or 4.2.2 and shall consider and determine, acting fairly and reasonably, whether or not the Scheme Claim is valid in whole or in part in accordance with the Claims Methodology.
- 4.4.3 Except where Clause 4.4.4 below applies, as soon as practicable following the outcome of the Company's determination of a Policyholder's Scheme Claim, and in any event within 90 calendar days of receipt of a Scheme Claim, the Company shall give a notice to such Policyholder (the "**First Determination Notice**") setting out:
 - (a) the total amount of their Scheme Claim;
 - (b) the amount of any Deductible; and
 - (c) the anticipated amount of the Policyholder's Ascertained Scheme Claim, if any.
- 4.4.4 If the Company requires more information before it can reach a determination of a Policyholder's Scheme Claim in accordance with Clause 4.4.3, the Company shall send a notice to the relevant Policyholder within 60 days of

receipt of that Policyholder's Scheme Claim describing what further documents, data or information is required from the Policyholder. If the Policyholder fails to provide the further documents, data or information requested by the Company within 30 days or such other longer period as specified in the notice, the Company shall be entitled to make its determination and issue a First Determination Notice in accordance with Clause 4.4.3 on the basis of the information currently in its possession. A First Determination Notice given in accordance with this Clause 4.4.4 shall be given as soon as practicable following the outcome of Company's determination of a Policyholder's Scheme Claim, and in any event within 150 days of receipt of a Scheme Claim.

- 4.4.5 In the event that a Policyholder confirms in writing that it agrees with the anticipated Ascertained Scheme Claim (if any) specified in a First Determination Notice, the anticipated Ascertained Scheme Claim so specified in the First Determination Notice shall be the Policyholder's Ascertained Scheme Claim and shall be fully and finally binding upon the Company and Policyholder to the fullest extent permitted by law and the Policyholder shall have no further claims against the Company in respect of the claims subject to the First Determination Notice.
- 4.4.6 Save where Clause 4.4.7 applies, the anticipated Ascertained Scheme Claim as set out in the First Determination Notice shall, to the fullest extent permitted by law, be fully and finally binding on the Company and the Policyholder at 5.00 p.m. 30 days after that First Determination Notice is deemed received and the amount of the anticipated Ascertained Scheme Claim specified in it, if any, shall be that Policyholder's Ascertained Scheme Claim, and the Policyholder shall have no further claims against the Company in respect of the claims subject to the First Determination Notice.
- 4.4.7 Where a Policyholder gives notice, within the period set out in Clause 4.4.6, that it does not agree with the Company's determination of its Scheme Claim, and explains the reasons for that disagreement, that Policyholder's Scheme Claim shall become a **"Disputed Scheme Claim"**.
- 4.4.8 After a Scheme Claim becomes a Disputed Scheme Claim under Clause 4.4.7, the Company shall seek to reach agreement with the Policyholder in respect of such Disputed Scheme Claim. Once the Company and the Policyholder have agreed the Scheme Claim, the Company shall issue an updated notice (a **"Agreed Determination Notice"**) setting out the agreed determinations made in respect of each of the matters set out in Clause 4.4.3. The Ascertained Scheme Claim, if any, set out in that Agreed Determination Notice shall be the Policyholder's Ascertained Scheme Claim and shall be fully and finally binding upon the Company and Policyholder to the fullest extent permitted by law and the Policyholder shall have no further claims against the Company in respect of the claims subject to the Agreed Determination Notice.
- 4.4.9 Where the Company and the Policyholder do not reach agreement on the Disputed Scheme Claim within 90 days of the Scheme Claim becoming a Disputed Scheme Claim, the Company shall issue an updated notice (the

"**Second Determination Notice**") to the Policyholder setting out its determination in respect of each of the matters set out in Clause 4.4.3.

- 4.4.10 In the event that a Policyholder confirms in writing that it agrees with the anticipated Ascertained Scheme Claim (if any) specified in a Second Determination Notice, if any, the anticipated Ascertained Scheme Claim so specified shall be the Policyholder's Ascertained Scheme Claim and shall be fully and finally binding upon the Company and Policyholder to the fullest extent permitted by law and the Policyholder shall have no further claims against the Company in respect of the claims subject to the Second Determination Notice.
- 4.4.11 Save where Clause 4.6.1 applies, the anticipated Ascertained Scheme Claim as set out in the Second Determination Notice shall, to the fullest extent permitted by law, be fully and finally binding on the Company and the Policyholder at 5.00 p.m. 30 days after that Second Determination Notice is deemed received and the amount of the anticipated Ascertained Scheme Claim specified in it, if any, shall be that Policyholder's Ascertained Scheme Claim, and the Policyholder shall have no further claims against the Company in respect of the claims subject to the Second Determination Notice.

4.5 **Release and discharge**

Once a Policyholder's Ascertained Scheme Claim has been determined in accordance with the Scheme, such Policyholder releases and discharges, and is to be treated as having agreed to fully and finally release and discharge, all claims (whether existing, alleged, prospective or contingent) against the Company under or arising out of any Insurance Policy, save for its Ascertained Scheme Claim which can only be paid in accordance with the terms of the Scheme.

4.6 **Appointment of a Scheme Adjudicator**

- 4.6.1 If the Policyholder does challenge the Company's determination in the Second Determination Notice and gives reasons for that challenge within 30 days of receipt of the Second Determination Notice:
- (a) where that Policyholder's Insurance Policy is governed by Italian law:
 - (i) the Company shall nominate a Named Italian Scheme Adjudicator that is willing to act in respect of the Disputed Scheme Claim (the "**first Italian Scheme Adjudicator**") and notify the Policyholder of that nomination.
 - (ii) if the Policyholder agrees with the appointment of the first Italian Scheme Adjudicator in writing, or does not challenge that nomination and request the appointment of an alternative Named Italian Scheme Adjudicator in writing within 14 days of the notification (or deemed notification) to the Policyholder of the appointment of the first Italian Scheme Adjudicator, the first Italian Scheme Adjudicator shall be the Scheme Adjudicator in respect of that Disputed Scheme Claim.

- (iii) if the Policyholder does not agree with the appointment of the first Italian Scheme Adjudicator and requests the appointment of an alternative Named Italian Scheme Adjudicator within 14 days of the notification (or deemed notification) to the Policyholder of the appointment of the first Italian Scheme Adjudicator (the "**first alternative Italian Scheme Adjudicator**"), the Company shall determine if the first alternative Italian Scheme Adjudicator is willing to act. If the first alternative Italian Scheme Adjudicator is willing to act, they shall become the Scheme Adjudicator in respect of the relevant Disputed Scheme Claim.
- (iv) if the first alternative Italian Scheme Adjudicator is not willing to act, the Policyholder shall be entitled to request the appointment of the remaining Named Italian Scheme Adjudicator within 14 days of the notification (or deemed notification) to the Policyholder that the first alternative Italian Scheme Adjudicator is not willing to act (the "**second alternative Italian Scheme Adjudicator**") and the Company shall determine if the second alternative Italian Scheme Adjudicator is willing to act. If the second alternative Italian Scheme Adjudicator is willing to act, they shall become the Scheme Adjudicator in respect of the relevant Disputed Scheme Claim. If the second alternative Scheme Adjudicator is not willing to act, the Company and the Policyholder shall use reasonable endeavours to agree the appointment of an alternative person to act as Scheme Adjudicator and, once appointed, that person shall be deemed to be a Scheme Adjudicator for the sole purpose of that specific Disputed Scheme Claim; or

- (b) where that Policyholder's Insurance Policy is governed by the laws of Spain, the Company shall appoint the Spanish Scheme Adjudicator.

4.6.2 Where a Disputed Scheme Claim is referred to a Scheme Adjudicator in accordance with Clauses 4.6.1, the dispute between the Company and the Policyholder will be determined by the Scheme Adjudicator in accordance with Clause 4.7.

4.6.3 Neither the Company nor a Scheme Adjudicator will be bound by, or prepared to follow, any settlement made between the Policyholder and another insurer.

4.7 The Scheme Adjudication Procedure

4.7.1 In referring the Disputed Scheme Claim to the Scheme Adjudicator, the Company shall provide to the Scheme Adjudicator a copy of any Claim Form, evidence, notice, statement or correspondence, under this Part 4, sent to or received by the Company in connection with the Scheme Claim and details of any Deductible or set-off.

4.7.2 Each Scheme Adjudicator shall have access to all of the Company's relevant records and information in the possession or under the control of the Company

that the Scheme Adjudicator considers they need to determine the Disputed Scheme Claim.

- 4.7.3 The relevant Scheme Adjudicator shall send a notice to the Company and/or the relevant Policyholder if they require:
- (a) further documents, data or information from the Policyholder and/or the Company; and/or
 - (b) the Policyholder and/or the Company to address them on any matter in respect of such Disputed Scheme Claim.
- 4.7.4 If the Company or Policyholder fails to comply with a notice under Clause 4.7.3 within 30 days or such other period as specified in the notice, or fails to address the Scheme Adjudicator on the terms prescribed by the Scheme Adjudicator, the Scheme Adjudicator shall be entitled to:
- (a) notify the Company and Policyholder of their determination in respect of the relevant Disputed Scheme Claim; and
 - (b) make their determination of the Disputed Scheme Claim solely on the basis of the information made available to them.
- 4.7.5 The Company and the Policyholder shall each be entitled to request a meeting or meetings with the Scheme Adjudicator for the purposes of discussing the Disputed Scheme Claim at any time prior to the Scheme Adjudicator's determination. For the avoidance of doubt, a Scheme Adjudicator may determine in their absolute discretion whether to accept or decline the request.
- 4.7.6 The Scheme Adjudicator shall give notice (the "**Scheme Adjudicator Determination Notice**") to the Company and Policyholder of their determination in respect of the relevant Disputed Scheme Claim within 30 days of the later of:
- (a) the Scheme Adjudicator's appointment in accordance with Clause 4.5;
 - (b) the date of the provision of any additional documents or information requested in accordance with Clause 4.7.3;
 - (c) the conclusion of the last of any meetings requested by the Scheme Adjudicator, Company or Policyholder; or
 - (d) the failure of any party to provide the additional documents and/or information requested in accordance with Clause 4.7.4.
- 4.7.7 For the avoidance of doubt, any value that is determined by a Scheme Adjudicator in relation to any Scheme Claim shall not exceed the amount that is submitted by the Scheme Creditor on the Claim Form as the value of the Scheme Claim.
- 4.7.8 The amount of an Ascertained Scheme Claim specified in a Scheme Adjudicator Determination Notice shall be the amount of the relevant Policyholder's

Ascertained Scheme Claim (including any Deductible) for the purposes of the Scheme, and the Policyholder and the Company shall have no right of appeal or review, or any right to commence any Proceedings, in respect of either the Scheme Adjudicator's determination or the procedure they employed (in each case in accordance with the Scheme), save in respect of their negligence, wilful default, wilful breach of duty or trust, fraud or dishonesty.

4.7.9 Any remuneration (including Scheme Adjudicator's own remuneration calculated on a time cost basis), costs, charges and expenses incurred by the Scheme Adjudicator in respect of a Disputed Scheme Claim including the fees and expenses of any adviser or expert consulted by them, shall be paid by the Company as a Scheme Cost. However, the Scheme Adjudicator may determine, in their absolute discretion, that the relevant Policyholder should reimburse the Company in respect of some or all of those costs on the basis that such Policyholder's challenge of the Company's determination of its Scheme Claim was unreasonable. In such circumstances, the costs shall be paid by the Policyholder in accordance with Clause 4.7.10. The Company shall give notice to the Policyholder if it intends to request that the Scheme Adjudicator exercises such discretion.

4.7.10 Any costs, charges and expenses incurred by the relevant Policyholder with respect to a Disputed Scheme Claim shall be borne by the Policyholder. The amount of the relevant Policyholder's share of any remuneration, costs, charges and expenses of the Scheme Adjudicator, as determined by the Scheme Adjudicator, shall be a Liability immediately due and payable from that Policyholder to the Company and may be deducted from any payment to be made to the Policyholder in accordance with Part 5.

4.8 Extension of Time Limits

4.8.1 Subject to Clause 4.8.2, the Company may, in consultation with the Scheme Advisers but at its sole discretion, extend any time period referred to in this Part 4 or in Part 5, other than the Claims Deadline, whether for any one or more or all Policyholders.

4.8.2 A Scheme Adjudicator may in their absolute discretion extend any of the time periods referred to in Clause 4.7 whether for any one or more or all Policyholders.

4.9 Policyholders to Provide Assistance

4.9.1 During the Scheme Period, Policyholders shall provide to the Company, Scheme Advisers and Scheme Adjudicator all reasonable assistance required by any of them in connection with the Scheme and shall provide such assistance as any of them may reasonably require in connection with the recovery of any Property (including Deductibles).

4.9.2 The Company shall provide the Scheme Advisers and Scheme Adjudicator with all reasonable assistance required by any of them in connection with the Scheme.

- 4.9.3 On and from the Effective Date, Policyholders hereby agree that the Company shall be entitled to take, as agent of, and in the name of, the Policyholders, such steps as the Company may reasonably require to remove the Company and QBE from any Proceedings brought by a Policyholder against the Company or QBE or brought by a Claimant against the Policyholder or against the Policyholder and the Company and/or QBE in respect of any claim that is, or could be, the subject of a Scheme Claim.

4.10 Set-Off

- 4.10.1 Where there have been mutual credits, mutual debts or other mutual dealings between the Company and any Policyholder (including, but not limited to, Liabilities arising under or in respect of any Deductibles), an account shall be taken of:

- (a) the aggregate Scheme Claim of the Policyholder (prior to any deductions) against the Company; and
- (b) all Liabilities of the Policyholder to the Company, including, but not limited to:
 - (i) any amount payable in respect of a Deductible; and
 - (ii) any Liability arising under this Scheme;

and the sums due from the Policyholder to the Company under Clause (b) shall be set-off against the sums due from the Company to the Policyholder.

4.11 Treatment of Agents

In any of a Policyholder's dealings with the Company, the Scheme Advisers or the Scheme Adjudicator under the Scheme, the Policyholder may appoint an Agent to act on its behalf. The Company may, at its absolute discretion, require the Agent or the Policyholder to provide evidence of the Agent's authority and its scope, before dealing or continuing to deal with the Agent under the Scheme.

5. PART 5 - PAYMENT OF ASCERTAINED SCHEME CLAIMS

5.1 Setting or Revising the Payment Percentage

- 5.1.1 As soon as reasonably practicable following the Claims Deadline, and in any event within 90 days from the Claims Deadline, the Company, in consultation with the Scheme Advisers and for the purposes of making payment in accordance with Clause 5.2 below, shall set an initial Payment Percentage in accordance with Clause 5.1.3. If the Company determines (in consultation with the Scheme Advisers) and based on Clause 5.1.3 that the Ascertained Scheme Claims can be paid in full by the Company from Scheme Assets, the Payment Percentage shall be set at 100%.
- 5.1.2 After setting the initial Payment Percentage in accordance with Clause 5.1.1, the Company shall review the Payment Percentage at such times as it considers appropriate but at least once every six months, and consider, in the light of Clause 5.1.3 whether it should be revised or left unchanged.
- 5.1.3 In setting or revising a Payment Percentage, the Company shall use reasonable endeavours to ensure that sufficient reserves have been created by the Company as it considers to be prudent to enable the Company to:
- (a) pay the same Payment Percentage in respect of all Ascertained Scheme Claims; and
 - (b) pay all Excluded Claims in full,
- and the Company shall not be required to reserve for any other amounts.
- 5.1.4 In considering whether sufficient reserves have been created in accordance with Clause 5.1.3, the Company shall be entitled to take into account the Company's Scheme Assets.
- 5.1.5 For the purpose of setting or revising a Payment Percentage, the Company shall be entitled to obtain and consider such financial and/or actuarial information and advice as the Company shall consider appropriate.
- 5.1.6 If on considering or revising a Payment Percentage previously set in accordance with Clause 5.1.1 or Clause 5.1.3 the Company considers that, taking into consideration those matters referred to in Clauses 5.1.3 to 5.1.4 there are insufficient Scheme Assets for the then current Payment Percentage to be maintained at that level, the Company shall reduce the Payment Percentage to such level as it considers appropriate in the light of those provisions. Any such reduction in the Payment Percentage shall not give rise to any obligation on the part of any Policyholder to repay the difference between the amount which would have been payable in respect of such reduced Payment Percentage and the amount actually paid to such Policyholder in respect of any previous Payment Percentage.
- 5.1.7 The Company shall be entitled to suspend payments to all Policyholders for such period it considers appropriate up to a maximum of 180 days if information

becomes available to it concerning the financial position of the Company which results in a need to consider whether or not the current Payment Percentage should be maintained or reduced. As soon as practicable during, and in any event at the end of such period, the Company shall set a reduced Payment Percentage or resume payments in respect of any previously set Payment Percentage.

5.2 Timing of Payment of Ascertained Scheme Claims

5.2.1 As soon as reasonably practicable after, and in any event within 30 days of, the later of:

- (a) the setting of a Payment Percentage; and
- (b) a Scheme Claim becoming an Ascertained Scheme Claim,

the Company shall pay the relevant Payment Percentage of such Ascertained Scheme Claim to the Policyholder in accordance with Clause 5.4.

5.2.2 In the event that the Company sets an increased Payment Percentage in accordance with Clause 5.1.3, the Company shall pay:

- (a) the increased Payment Percentage in respect of all Scheme Claims which become Ascertained Scheme Claims after the setting of the increased Payment Percentage; and
- (b) to each Policyholder who has previously received payment in respect of an Ascertained Scheme Claim at a lower Payment Percentage, an amount equal to the difference between the lower Payment Percentage previously paid to the Policyholder in respect of their Ascertained Scheme Claim and the increased Payment Percentage on their Ascertained Scheme Claim, as soon as reasonably practicable afterwards, and in any event within 30 days.

5.2.3 In the event that the Company sets a reduced Payment Percentage, the Company shall pay the reduced Payment Percentage in respect of all Scheme Claims which become Ascertained Scheme Claims after the setting of such reduced Payment Percentage in accordance with Clause 5.4, as soon as reasonably practicable afterwards, and in any event within 30 days of the Scheme Claim becoming an Ascertained Scheme Claim.

5.3 Effect of Payment of Ascertained Scheme Claims

5.3.1 The amount of a Policyholder's Ascertained Scheme Claim under the Scheme as determined in accordance with Part 4 shall constitute the Company's entire liability to the relevant Policyholder in respect of its Scheme Claim and payment of the Final Payment Percentage of that Ascertained Scheme Claim in accordance with Clause 5.4 shall be in full and final settlement of all and any Scheme Claims of that Policyholder against the Company.

5.4 Method of Payment

- 5.4.1 All payments to a Policyholder pursuant to this Scheme shall be made in accordance with this Clause 5.4.
- 5.4.2 Where a Policyholder provides the Company with full details of a valid bank account into which payment should be made on a Claim Form, payments may be made by bank transfer. Such payment shall be at the Policyholder's own risk, cost, and expense. Where a Policyholder does not provide the Company with full details of a valid bank account into which payment should be made on a Claim Form, within 30 days of a third and final request from the Company to provide such information, such Policyholder's Ascertained Scheme Claim shall be deemed to have been fully paid and the Policyholder shall have no further claim in respect thereof.
- 5.4.3 All payments to Policyholders under the Scheme shall be made by way of bank transfer in favour of the Policyholder concerned or in favour of such other person as the Policyholder may notify the Company in writing.
- 5.4.4 Payment under the Scheme in respect of an Ascertained Scheme Claim shall be deemed to have been made on the day that the bank transfer instructions were given to the relevant bank pursuant to Clause 5.4.2 and such deemed payment shall be a good discharge and satisfaction of the Company's liability to pay the relevant amount to the Policyholder.
- 5.4.5 The Company will not be required to make any payments to Policyholders until the Company is satisfied that making of such payment is not prohibited by an applicable law or regulation.

5.5 Policyholder Entitlement

No Policyholder shall be entitled to receive any payment in respect of a Scheme Claim except in accordance with Clause 5.2.

5.6 Currency of Payments

Each Ascertained Scheme Claim shall be paid in the currency as specified in the Insurance Policy giving rise to the Ascertained Scheme Claim.

5.7 Excluded Claims

The Company shall pay Excluded Claims from the Excluded Assets only.

6. PART 6 – THE BOARD

6.1 The Board Generally

- 6.1.1 The Board shall consist of such Directors as have been, and remain, duly appointed from time to time under the Company's Constitutional Documents.
- 6.1.2 The Company (acting by the Board) shall ensure that the composition of the Board complies with the Companies Act and its Constitutional Documents and shall ensure insofar as they are able that there are sufficient numbers of Directors in office at all times.
- 6.1.3 Without prejudice to the Constitutional Documents, a Director may be a creditor of the Company or a director or shareholder of, or otherwise interested in, a person which is a creditor of the Company, but in carrying out his duties as a Director of the Company he shall not be entitled to any confidential information in the Company's possession relating to any matter where that creditor has an interest in conflict with the Company.

6.2 The Board During the Scheme Period

- 6.2.1 The implementation of the Scheme shall be carried out by the Company acting by its Directors and the powers of the Board shall continue, subject to the terms of the Scheme.
- 6.2.2 The Board may, at its absolute discretion, consult with, the Scheme Advisers.
- 6.2.3 Nothing in the Scheme shall relieve the Board from its duty to act in accordance with the Companies Act, Insolvency Act or prevent the Board from carrying out its statutory or other duties.

6.3 The Board - Responsibility and Indemnity

- 6.3.1 No Policyholder shall be entitled to challenge the validity of any act done or omitted to be done in good faith and with due care by any Director or any member of the Board in accordance with and to implement the provisions of the Scheme (including, for the avoidance of doubt, any act done or omitted to be done in good faith and with due care in respect of the Excluded Assets and Excluded Claims) or the exercise by any such person in good faith and with due care of any power conferred upon them 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 unless such loss is attributable to their gross negligence, default, breach of duty or breach of trust.
- 6.3.2 Subject to the restrictions set out in the Companies Act, the Company shall indemnify each Director (in their capacity as such) against:
 - (a) all actions, claims, proceedings and demands brought or made against them in respect of any act or omission to act, which they took 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

- (b) the expenses and liabilities reasonably incurred by Directors in the course of implementing the Scheme in accordance with its terms.

6.3.3 Without prejudice to the generality of Clause 6.3.2, the Company shall further indemnify each Director (in their capacity as such):

- (a) against any liability incurred by the Directors in defending any proceedings, whether civil or criminal, in respect of any negligence, default, breach of duty, breach of trust, fraud or dishonesty allegation in relation to this Scheme, in which judgment is given in the relevant Director's favour or in which the relevant Director is acquitted; or
- (b) in connection with any application in any such proceedings in which relief is granted to the Director by a court from liability for negligence, default, breach of duty, breach of trust, fraud or dishonesty in relation to the affairs of the Company.

6.3.4 The Company may:

- (a) purchase and maintain for any Director, insurance against any liability in respect of which the Company has provided an indemnity under Clauses 6.3.2 or 6.3.3; and
- (b) pay costs incurred by a Director in defending proceedings of the nature described in Clauses 6.3.2 or 6.3.3 which relate to the Company **provided that** the Company obtains from the Director an obligation to reimburse the Company (with interest) in respect of any sum which would not, in the event, have been payable by the Company under Clause 6.3.3.

7. PART 7 – THE SCHEME ADJUDICATORS

7.1 The Scheme Adjudicators

- 7.1.1 The Company has appointed each of the Named Italian Scheme Adjudicators to be Scheme Adjudicators in the Scheme in respect of Insurance Policies governed by Italian law.
- 7.1.2 The Company has appointed the Spanish Scheme Adjudicator to be the Scheme Adjudicator in the Scheme in respect of Insurance Policies governed by Spanish law.
- 7.1.3 Each Scheme Adjudicator shall have the powers, rights and duties conferred upon them in the Scheme and shall discharge the duties and responsibilities imposed upon them in the Scheme.
- 7.1.4 Each Scheme Adjudicator shall be paid on a time cost basis for the exercise and performance of their powers, rights, duties and functions under the Scheme, such remuneration to be paid in accordance Clause 4.7.9.

7.2 Powers, role and duties of the Scheme Adjudicators

- 7.2.1 Each Scheme Adjudicator shall be responsible for the adjudication and the final determination of each Disputed Scheme Claim referred to them.
- 7.2.2 Each Scheme Adjudicator shall be entitled to consult with such advisers, including legal advisers and experts, as they may deem appropriate in determining any Disputed Scheme Claim, and any costs so incurred will be treated as Scheme Costs.

7.3 Responsibility of the Scheme Adjudicators

Each Scheme Adjudicator shall act in good faith with reasonable skill and care and shall exercise their powers, duties and functions under the Scheme with a view to ensuring that Disputed Scheme Claims are adjudicated as fairly and cost-effectively as possible, in the interests of all Policyholders and in accordance with the Scheme.

7.4 Liability of the Scheme Adjudicators

- 7.4.1 Policyholders shall not be entitled to challenge the validity of any act done or omitted to be done in good faith and with due care by a Scheme Adjudicator in pursuance of the provisions of the Scheme or the exercise or performance by them in good faith and with reasonable skill and care of any power, duty or function conferred upon them for the purpose of the Scheme.
- 7.4.2 The Scheme Adjudicators shall not be liable for any loss resulting from any act they do or omit to do in or pursuant to the Scheme, unless any such loss is attributable to their own wilful neglect, breach of statutory duty, breach of trust, fraud or dishonesty.
- 7.4.3 Nothing in this Clause 7.4 shall prevent the liability of a Scheme Adjudicator for negligence.

7.5 Vacation of office

7.5.1 A Scheme Adjudicator shall vacate office, if they:

- (a) are subject to an Individual Termination Event;
- (b) resign by giving 30 days' notice in writing to the Company or such shorter period of time as may be agreed by the Company; or
- (c) are removed by the Company because, in the opinion of the Company (acting reasonably) and the Scheme Advisers, they are unable or have failed to carry out their duties under the Scheme.

7.5.2 Where a vacancy arises in the office of a Scheme Adjudicator, the Company shall as soon as reasonably practicable thereafter fill the vacancy with an independent person who is duly qualified, in the opinion of the Company (acting reasonably and in consultation with the Scheme Advisers), to discharge the functions of a Scheme Adjudicator under the Scheme.

8. PART 8 – THE SCHEME ADVISERS

8.1 Qualification, appointment resignation and removal

- 8.1.1 A Scheme Adviser shall be a chartered accountant and/or an individual with full authorisation to act as an insolvency practitioner pursuant to section 390A of the Insolvency Act. With effect from the Effective Date, the initial Scheme Advisers shall be Kevin Gill and Richard Barker both of Ernst & Young LLP.
- 8.1.2 A Scheme Adviser may resign their appointment at any time by giving not less than 3 months' notice in writing to the Company. A Scheme Adviser's appointment shall be vacated if they are subject to an Individual Termination Event.
- 8.1.3 The functions, and powers and duties of the Scheme Advisers under the Scheme may be performed and exercised individually, jointly or severally and any act required to be done by a Scheme Adviser or the Scheme Advisers pursuant to the Scheme may be done by one, some or all of them.
- 8.1.4 Where a vacancy arises in the office of the Scheme Adviser, the Company shall use reasonable endeavours to forthwith fill the vacancy with a person having the requisite qualifications, in the opinion of the Company (acting reasonably), to discharge the functions of the Scheme Adviser under the Scheme.

8.2 Functions, powers and duties of the Scheme Advisers during the Scheme Period

- 8.2.1 With immediate effect from the Effective Date, the Scheme Advisers shall:
 - (a) have the:
 - (i) right to be consulted in respect of the matters described in the definitions of Excluded Assets and Final Payment Percentage and at Clauses 4.8.1, 5.1.1, 6.2.2 and 7.5.2; and
 - (ii) rights given to them in Clause 10.1.1(b);
 - (b) be entitled to delegate to any individual who is employed or is a partner or director in the same firm as one of the Scheme Advisers and either has full authorisation to act as an insolvency practitioner pursuant to section 390A of the Insolvency Act or is a chartered accountant (a "**Delegate**"), all or any of the functions, powers, rights, authorities and discretions conferred upon the Scheme Advisers under the Scheme and from time to time to revoke any such delegation, **provided that** the Scheme Advisers shall be personally responsible for any act or omission of any such Delegate to the same extent as if they had expressly authorised it;
 - (c) be entitled to be remunerated, on terms approved by the Company acting by its Directors for the carrying out of their functions and powers under the Scheme and for all expenses reasonably and properly incurred by them in connection therewith; and

- (d) employ and remunerate (at the cost of the Company) accountants, actuaries, lawyers and other professional advisers or agents whether in England and Wales or in other jurisdictions provided such employment is necessary or desirable for the purpose of performing their functions and powers under the Scheme.
- 8.2.2 Without prejudice to the generality of Clause 8.2.1, in carrying out their functions and powers under the Scheme, the Scheme Advisers shall:
- (a) have full access at all times to all books, papers and other documents of the Company, to receive all such information as they may require in relation to its affairs;
 - (b) be remunerated for the carrying out their functions and powers and to be reimbursed for all expenses properly incurred by them in connection therewith; and
 - (c) be entitled to do all other things incidental to the exercise of the functions and powers referred to in this Clause 8.2.2 and in Clause 8.2.1.

8.3 Responsibility and Indemnity

- 8.3.1 In carrying out their functions and exercising their powers and duties under the Scheme, the Scheme Advisers shall act *bona fide* and with due care and diligence in the interests of Policyholders 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.
- 8.3.2 No Policyholder 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 Advisers in accordance with, and to implement the provisions of, the Scheme or the exercise by the Scheme Advisers in good faith and with due care of any power conferred upon them for the purposes of the Scheme if exercised in accordance with, and to implement the provisions of, the Scheme and the Scheme Advisers shall not be liable for any loss unless such loss is attributable to their own (or their Employee's or Delegate's) negligence, default, breach of duty, breach of trust, fraud or dishonesty.
- 8.3.3 No Policyholder shall be entitled to challenge the validity of any act done or omitted to be done in good faith and with due care by any Employee in accordance with, and to implement the provisions of, the Scheme if exercised in accordance with and to implement the provisions of the Scheme and no Employee shall be liable for any loss unless such loss is attributable to their own negligence, default, breach of duty, breach of trust, fraud or dishonesty.
- 8.3.4 Without prejudice to Clause 8.3.2 or the proviso in Clause 8.2.1(b), no Policyholder shall be entitled to challenge the validity of any act done or omitted to be done in good faith and with due 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 due care of any power conferred upon the Scheme Advisers 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 unless such loss is attributable to their own negligence, default, breach of duty, breach of trust, fraud or dishonesty (or to that of any Employee).

8.3.5 Subject to the Companies Act, the Company shall indemnify each Scheme Adviser (in their capacity as such) and their Employees and Delegates against:

- (a) all actions, claims, proceedings and demands brought or made against such Scheme Adviser, Employee or Delegate in respect of any act done or omitted to be done by such Scheme Adviser, Employee 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
- (b) all expenses and liabilities properly incurred by such Scheme Adviser, Employee or Delegate in carrying out their functions and powers (or the functions for which such Employee is employed by the Scheme Adviser or any Delegate) in the course of implementing the Scheme in accordance with its terms.

8.3.6 Without prejudice to the generality of Clause 8.3.5, the Company shall further indemnify each Scheme Adviser, Employee or Delegate:

- (a) against any liability incurred by the Scheme Adviser, Employee or Delegate 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 the Scheme Adviser's, Employee's or Delegate's favour or in which the Scheme Adviser, Employee or Delegate is acquitted; or
- (b) in connection with any application in any such proceedings in which relief is granted to the Scheme Adviser, Employee or Delegate by a court from liability for negligence, default, breach of duty, breach of trust, fraud or dishonesty,

in each case, in relation to the affairs of the Company or the administration of the Scheme.

8.3.7 The Company may:

- (a) purchase and maintain for any such person referred to in Clause 8.3.5, insurance against any liability in respect of which the Company would be obliged to indemnify that person in accordance with Clauses 8.3.5 and 8.3.6; and
- (b) pay the costs incurred by any person referred to in Clause 8.3.6 in defending proceedings of the nature described in Clause 8.3.6 provided that the Company obtains from a Scheme Adviser an obligation to reimburse the Company (with interest) in respect of any sum which would not, in the event, have been payable by the Company under Clause 8.3.6.

9. **PART 9 – RELEASES**

9.1 **Policyholders in relation to the Scheme**

9.1.1 With effect from the Effective Date, and subject to Clause 9.1.2, each Policyholder shall, irrevocably and unconditionally, fully and finally waive and release and forever discharge to the fullest extent permitted by applicable law any and all claims in each case that it ever had, may have or hereafter can, shall or may have, against:

- (a) the Company;
- (b) each Scheme Adviser;
- (c) each Scheme Adjudicator; and
- (d) each of their Related Parties, representatives and advisers,

whatsoever and howsoever arising (each a "**Released Party**" and, together the "**Released Parties**"), in connection with or by reason of, or resulting directly or indirectly from their participation in the formulation, negotiation, entry into and implementation of the Scheme or any documents entered into in connection with the Scheme.

9.1.2 Clause 9.1.1 shall not have the effect of waiving, releasing or discharging any rights of any Policyholder arising in connection with or by reason of, or resulting directly or indirectly from the Scheme, a Policyholder's Scheme Claim or any fraud, wilful misconduct, gross negligence, or dishonesty by any party.

9.2 **Third Parties**

A Released Party shall be entitled to enforce and enjoy the benefit of and rely upon this Part 9, whether or not it is a party to the Scheme. The Parties shall not be entitled to rescind or vary any term of this Part 9 in a manner prejudicial to a Released Party without the consent of the relevant Released Party.

10. PART 10 – DURATION OF THE SCHEME

10.1 Termination of the Scheme

10.1.1 Subject to Clauses 10.2 and 10.3 (which shall survive such termination), the Scheme shall:

- (a) complete upon the Company giving notice to Policyholders that:
 - (i) all Scheme Claims having been finally determined in accordance with Part 4; and
 - (ii) the payment of the Final Payment Percentage in respect of all Ascertained Scheme Claims having been paid (or provided for);

"Completion" and
- (b) otherwise terminate upon the Scheme Advisers (after consultation with Company) giving notice to the Policyholders that they have determined that, after due enquiry, the Scheme is no longer in the interests of the Policyholders as a whole ("**Other Termination**").

10.2 Effect of Completion or Other Termination

10.2.1 In the event of a Completion:

- (a) any remaining Scheme Assets shall be released from the Scheme Trust to the Company;
- (b) termination of the Scheme shall be without prejudice to any right or obligation which shall have arisen under the Scheme as a result of any act or omission which took place prior to the Completion including, without limitation any right to an indemnity out of the assets of the Company as a result of an act or omission which took place, or as a result of liabilities or expenses which were incurred, prior to the termination of the Scheme; and
- (c) the provisions of this Clause 10.2 and Clauses 5.3, 6.3, 7.4, 8.3 and 9, shall continue in full force.

10.2.2 In the event of an Other Termination:

- (a) any remaining Scheme Assets shall be released from the Scheme Trust to the Company;
- (b) termination of the Scheme shall be without prejudice to any right or obligation which shall have arisen under the Scheme as a result of any act or omission which took place prior to the Other Termination including, without limitation any right to an indemnity out of the assets of the Company as a result of an act or omission which took place, or as a result of liabilities or expenses which were incurred, prior to the termination of the Scheme; and

- (c) the provisions of this Clause 10.2 and Clauses 6.3, 7.4, 8.3 and 9 shall continue in full force; and
- (d) any determination made in accordance with Clauses 4.4.5, 4.4.8, 4.4.9, 4.4.10 and 4.7.8 shall continue to be binding in accordance with those provisions.

10.3 Effect of Insolvency Event

- 10.3.1 If the Company becomes subject to an Insolvency Event and the Scheme has not completed or otherwise terminated before then in accordance with Clause 10.1.1, the Scheme shall not terminate and shall continue in full force and effect.
- 10.3.2 In the event of a conflict or inconsistency between the provisions of the Scheme, FSMA, the Insolvency Act, the Insolvency Rules, the Financial Services and Markets Act 2000 (Administration Orders Relating to Insurers) Order 2010, the Insurers (Reorganisation and Winding up) Regulations 2004/353, the Insurers (Winding Up) Rules 2001, and/or the Compensation Rules as they apply to the Company following the Insolvency Event, for the purposes of the Scheme, the provisions of the Scheme shall prevail.

11. PART 11 – GENERAL SCHEME PROVISIONS

11.1 Application of Scheme Assets

The Scheme Assets available for distribution under the Scheme shall be applied by the Company in payment of, or provision for, the Ascertained Scheme Claims in accordance with Parts 4 and 5.

11.2 Claims Handling Services

On and from the Effective Date, the Company may, but is not obliged to, continue to provide Claims Handling Services to any Policyholders.

11.3 Power of Attorney

With effect on and from the Effective Date to and including the Termination Date, in consideration of the rights provided to the Policyholders under this Scheme, each Policyholder irrevocably appoints, and shall for all purposes be treated as having irrevocably appointed, the Company as its attorney and agent and irrevocably authorises, directs, instructs and empowers the Company (represented by any duly authorised representative) to take all steps and do all such further things, as may be reasonably necessary or desirable to give effect to this Scheme.

11.4 Modification of the Scheme

The Company may at any hearing by the Court to sanction the Scheme consent on behalf of Policyholders to any amendment of, or addition to, the Scheme or any terms or conditions which the Court may think fit to approve or impose and which would not directly or indirectly have a materially adverse effect on the rights of any Policyholder under the Scheme (in its capacity as a Policyholder).

11.5 Precedence of the Scheme

In the event of an inconsistency between the terms of any Insurance Policy and this Scheme, the terms of this Scheme shall prevail.

11.6 Notices

11.6.1 Without prejudice to Clause 11.7, any notice to be given in the Scheme shall be in writing and shall be deemed to have been duly given if it is delivered by hand or sent by Post or email to:

(a) in the case of the Company, to:

Reliance National Insurance Company (Europe) Limited
c/o Premia UK Services Company Ltd
2 Minster Court
Mincing Lane
London, EC3R 7BB
England

Contact: Barry Toolan

Telephone: +44 20 4566 5673

Email: RNICEScheme@Premiare.uk

- (b) in the case of a Policyholder, in respect of their specific Scheme Claim, to that Policyholder's last known email address or last known postal address of which the Company is aware;
- (c) in the case of Policyholders generally, in respect of any notices applicable to the Scheme or Scheme Claims generally, by notice posted to the Website;
- (d) in the case of the Scheme Advisers, to:

Kevin Gill and Richard Barker
Ernst & Young LLP
1 More London
London SE1 2AF
United Kingdom

Email: kgill@parthenon.ey.com; rbarker@parthenon.ey.com

or such other address as the Scheme Advisers may notify to Policyholders for the purposes of this Clause 11.6; and

- (e) in the case of the Scheme Adjudicators, to such contact details as shall be notified to the Company and the Policyholder by the Scheme Adjudicator for that purpose;

11.6.2 Any notice or other written communication to be given under the Scheme shall (except as herein otherwise provided) be deemed to have been received:

- (a) if delivered by hand, on the first Business Day following delivery;
- (b) if sent by Post, on the second Business Day after posting if the recipient is in the country of dispatch and otherwise on the seventh Business Day after posting; and
- (c) if sent by email, in accordance with Clause 11.7.4.

11.6.3 In proving service, it shall be sufficient proof in the case of a notice sent by Post that the envelope was properly stamped, addressed and placed in the Post.

11.6.4 For the avoidance of doubt, but save where deemed submitted in accordance with Clause 4.2.2, Claim Forms must be submitted in accordance with the requirements set out in the Claims Methodology. Clause 11.6.2 shall not apply to the filing of a Claim Form with the Company, which shall only be deemed to have been received when actually received.

11.7 Electronic Communications

11.7.1 Subject to the anything to the contrary in the Claims Methodology, information concerning Scheme Claims, (including Claim Forms and copies of any relevant

supporting documentation) and any other communications required to be or capable of being given or sent hereunder may be given or sent by the Company, the Scheme Advisers, the Scheme Adjudicators or the Policyholder concerned in electronic form to the address specified for that purpose by, respectively, the Company, Scheme Advisers, the Scheme Adjudicators or the Policyholder, (all of whom hereby consent to the use of electronic communications).

11.7.2 Where any communication is sent to the Company in electronic form:

- (a) the complete electronic mail including any attachments must be less than 35 megabytes in size;
- (b) a hard copy of any electronic mail must be sent to the Company if so requested;
- (c) receipt by the Policyholder of an automated acknowledgement shall constitute conclusive proof that the electronic mail was sent in accordance with Clause 11.7.1 and received; and
- (d) the electronic mail shall not be deemed to have been received unless it is received in the Company's mail box and the Company is able to open and print it and any attachments and, if requested, unless a hard copy is received in accordance with sub Clause (b).

11.7.3 Where any communication to the Company, Scheme Advisers, Scheme Adjudicators or a Policyholder in electronic form exceeds 35 megabytes in size, the electronic mail should be split into multiple electronic mails each of which must be less than 35 megabytes in size, including any attachments. Alternatively, the communication should be sent to the Company, Scheme Advisers, Scheme Adjudicators or a Policyholder by Post.

11.7.4 Subject to Clause 11.7.2, notice given, or information provided, in electronic form shall be deemed to have been received on the first Business Day following the expiration of 48 hours after the time it was sent by the sender.

11.8 Calculation of Time Periods

11.8.1 A period of six months shall run from the day of the month on which the period commences to the numerically corresponding day in the sixth month thereafter (as applicable) less one day. Where there is no numerically corresponding day in that six month the period shall end on the last Business Day of that month.

11.8.2 A reference to a number of days other than Business Days shall be deemed to be a reference to that number of calendar days, including Saturdays, Sundays and public holidays.

11.9 Governing Law and Jurisdiction

11.9.1 The Scheme shall be governed by, and construed in accordance with, the laws of England and Wales, and the Policyholders 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 Explanatory Statement or the Scheme, including this Clause 11.9, 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 Policyholders irrevocably submit to the jurisdiction of the Court provided, however, that nothing in this Clause 11.9 shall affect:

- (a) the validity of any other provisions determining governing law as between the Company and a Policyholder whether contained in any Insurance Policy or otherwise; or
- (b) the governing law applied by a court in any decision applicable to the Company and any Policyholder.

11.9.2 Notwithstanding the provisions of Clause 11.9.1, the Company shall retain the right to bring Proceedings in the courts of any other country having jurisdiction under its own laws to hear such Proceedings.

Dated 13 May 2024

SCHEDULE 1 CLAIMS METHODOLOGY

PART A

ITALIAN CLAIMS METHODOLOGY

Submission, Assessment and Valuation of Scheme Claims

Submission of Scheme Claims

Italian Policyholders must submit their Scheme Claims on the Claim Form provided, via an Italian certified e-mail - Posta Elettronica Certificata (PEC) - to the Company. The email address is reliancescheme@legalmail.it. This mailbox is limited to 100MB per submission.

E-mail and PEC is the preferred method for submitting Claim Forms but if for any reason a Policyholder cannot submit the Claim Form by email, these can be submitted by post to the following address: Reliance National Insurance Company (Europe) Limited, c/o Premia UK Services Company Ltd, 2 Minster Court, Mincing Lane, London, EC3R 7BB, England.

Claim Forms must be received by the Claims Deadline.

Supporting Documentation

The Company anticipates that it has the majority of supporting documentation required to assess and value Scheme Claims. Once Policyholders have submitted their Scheme Claims, the Company will assess the information it holds and will confirm to the Policyholder whether and what further information it requires. Supporting documentation may include but is not limited to:

- Pleadings;
- Court medical reports;
- Verdicts, and any other Court decision;
- Correspondence
- Clinical records;
- Legal opinions;
- Internal medical opinions;
- Internal calculations; and
- Additional insurance policies.

All supporting documentation requested should be sent by email to RNICEScheme@Premiare.uk.

If Supporting Documentation cannot be sent by email, it must be sent by post to the following address: Reliance National Insurance Company (Europe) Limited, c/o Premia UK Services Company Ltd, 2 Minster Court, Mincing Lane, London, EC3R 7BB, England.

Assessment of Scheme Claims

The Company will initially assess each Scheme Claim against the following criteria:

- a) Coverage: The Company will consider whether the Scheme Claim falls within the policy terms;
- b) In time: The Company will assess whether the Scheme Claim was originally submitted within the time permitted in accordance with local legal requirements and relevant insurance policy terms;
- c) Policy limits, deductibles, and/or self-insured retention: Each Scheme Claim will be assessed in relation to the limits, deductibles and/or self-insured retention for the relevant individual policy;
- d) Liability: The Company will consider whether the Scheme Claim falls within the terms of the policy from documentary evidence (e.g. external medical expert report, internal Company appointed medical expert report and/or a legal opinion received)

All underlying requests for damages will be assessed against the relevant local law.

Scheme Claims that are in a Court process will take into consideration the stage/outcome of the trial available at the time that the Scheme Effective Date based on information available to the Company including but not limited to internal medical reports, legal opinions, contributions, and the documents lodged during the trials (writ of summons, pleadings, court medical reports, and verdicts).

Scheme Claims that are not in a Court process will be assessed based on the information available including but not limited to the last request made, internal medical reports, legal opinions, coverage and timing.

Valuation of Scheme Claims

Once the validity of a Scheme Claim has been determined it will be valued.

- For Italian claims, losses claimed by the Policyholder will be valued in accordance with Appendix A “Valuation of Italian Claims”.

Costs included in valuing Scheme Claims

Where judicial proceedings have commenced or are pending, it is anticipated that the following parties will be appointed and therefore incur costs:

- Lawyer
- Legal Medical Adviser (“LMA”)
- Expert

The costs of a Court Appointed Expert (“CTU”) will only be included when such expert is appointed by a Judge.

Proceedings costs (e.g. court taxes “*contributo unificato*” for counterclaims, appeal, mediation costs, etc) and verdict registration tax (all specific to Italian Scheme Claims) will

be calculated and paid only when or where a Court decision has been issued charging the insured hospital or the Company with such costs.

Interest, indexation and funeral costs in death claims will only be calculated and included in a Scheme Claim when the CTU report is favorable to the claimant and no agreement has been reached in relation to these costs separately with the Policyholder before a Court verdict is issued.

Registration tax will be included in a Scheme Claim where it has been documented by the Court and the Court has reached an unfavorable verdict against the Company. The tax is approximately 3% of the value of the verdict.

Costs that will not be included in valuing Scheme Claims

Third Party Administrator (“TPA”) costs

The TPA fee will be paid by the Company as a Scheme Cost and will not be included in valuing a Scheme Claim.

Legal Fees

Legal fees will be paid by the Company as a Scheme Cost to the extent that they are in line with the agreed legal contract entered into by the Company or Premia or per D.M. 55/2014 as updated by D.M. 147/2022, if there is no contract in place.

Expert Fees (LMA, accountant etc.)

Expert fees will be paid by the Company as a Scheme Cost to the extent that they are in line with the agreed legal contract entered into by the Company or Premia or in accordance with D.M. 55/2014¹ as updated by D.M. 147/2022², if there is no contract in place

Claims with no liability

If the Company concludes based on a LMA’s opinion that no damage was caused to the claimant as a consequence of the insured’s malpractice then no costs will be included in a Scheme Claim.

Deductions

Once the valuation of a Scheme Claim has been established the Company will make a deduction of any applicable policy deductibles and amounts due from the Policyholder to the Company.

These may include:

- deductible applicable to each individual claim;
- annual aggregate deductible;
- self insured retention;

¹ D.M. 55/2014 is Decree No. 55 of 10 March 2014 Regulation on the determination of parameters for the payment of fees for the legal profession, pursuant to Article 13(6) of Law No 247 of 31 December 2012.

² D.M. 147/2022 is Decree No. 147 of 13 August 2022 Regulation containing amendments to Decree No 55 of 10 March 2014, concerning the determination of parameters for the settlement of fees for the legal profession, pursuant to Article 13(6) of Law No 247 of 31 December 2012.

- amounts due to the Company from the Policyholder, including but not limited to unpaid deductibles and any indemnity, legal fees and interest that are recoverable from the policyholder.

These deductions may be applied at an individual Scheme Claim level or at a Policyholder level and will be communicated to the claimant in the First Determination Notice.

Recovery/Subrogation/Contribution

The Company retains its contractual rights of recovery against third parties included but not limited to the following

- Policyholder, other liable hospital / clinic, Insurer, doctor, doctors insurer and claimant/s.

Appendix A – Valuation of Italian claims

The Milan Tables will be used to assess the value of Italian Scheme Claims unless there is a verdict specifying the use of another specific set of Tables.

The reason the Milan Tables have been selected is to ensure consistency for all Scheme Claims and it is understood by the Company that this is a fair approach given that these tables are applied to Medical Malpractice insurance claims in Italy.

Links to the relevant Tables are provided below:

- Milan Tables ([P- 11185_22.pdf \(ordineavvocatimilano.it\)](#))
- Micro-permanent Tables (article 139 Code of Private Insurance, www.gazzettaufficiale.it/eli/id/2005/10/13/005G0233/sg)

Valuation of annuities in Scheme

If a verdict contains an annuity, it will be evaluated in line with the tables and with the support of an accountant where required.

Patrimonial damages

Person previously working

The Scheme Claim will be calculated based on a comparison between actual earnings 3 years before the event and 3 years after the event. Earnings will be considered after-tax. Other general economic circumstances will also be considered (e.g. recession, redundancies, bankruptcies, business closures, etc.).

Person not working

The Scheme Claim will be calculated on a case-by-case basis, but generally the value will be 3 times the social/state pension (pensione sociale).

Consequential damage for relatives (usually after the patient has died)

The Scheme Claim will be calculated as per the relative's own loss of earnings reduced by the "quota sibi" (the portion of the earnings appropriated to the deceased).

Counterparty Costs

- A Scheme Claim for medical, treatment and nursing costs will be calculated based on what has been approved by the LMA or CTU as linked to malpractice. If there is no LMA or CTU, The Company will assess on case-by-case basis. The calculation will be reduced by any payments made to the claimant by the servizio sanitario nazionale (SSN).
- A Scheme Claim for home and car adaptation costs will only be accepted in very high % Permanent Disability ("PD") cases and with supporting evidence. The calculation will be based on the supporting evidence provided.
- A Scheme Claim for assistance/help costs will only be accepted in very high % PD cases, and the calculation will be discounted for any assistance provided by family members and any SSN paid assistance.
- A Scheme Claim for funeral costs will not be agreed unless there is evidence of a verdict from a Court based on a CTU finding liability.
- A Scheme Claim for the underlying claimant's legal costs will be reviewed by the Company and a value agreed based on the supporting documentation provided any Court verdict

INAIL (National Institute for Insurance against Accidents at Work) /INPS (National Institute for Social Security) recovery claim

A Scheme Claim for INAIL/INPS recovery claims will only be accepted when one of these parties have officially claimed reimbursement from the Policyholder and liability engaged (a letter advising that either party is issuing benefits is not sufficient).

Non-patrimonial damages

Permanent disability

The Scheme Claim value will be set considering the % of PD as assessed by a LMA or CTU and the monetary value provided by the applicable table.

If no % of PD valuation is available in the applicable table, then the Company will quantify the % of PD based on the loss description submitted by the claimant and use the % of PD to calculate the value of the Scheme Claim.

Special cases

Differential damage (when the malpractice caused damage in addition to damages already existing, unavoidable or not a consequence of any malpractice).

The Scheme Claim value will be calculated based on the value of the total PD, less the value of existing/unavoidable damage (i.e. differential damage).

Failure to diagnose foetus malformation (malformation not caused by malpractice) also known as non-patrimonial damage to foetus will not be calculated or form part of the Scheme Claim, only costs of care and or medical treatment.

Temporary Disability

The Scheme Claim value will set considering the % of Temporary Disability (“TD”) and its duration as assessed by the LMA expert or CTU report.

Damage of the deceased having died

This will not form part of the Scheme Claim value as it falls outside of the scope of the policies.

Damage of the deceased realising they are about to die

The Scheme Claim value calculated if the deceased survived more than 24 hours between malpractice and death.

The calculation will be the number of survival days x TD € amount provided by the applicable table multiplied by 7.

Survivals greater than 90 days will be calculated on a case-by-case basis.

Non-patrimonial consequential damages to relatives (iure proprio)

The Scheme Claim value will be calculated only for close relatives or close equivalents (Parents, children, siblings, grandparents, grandchildren, co-habitant partners).

Consequential damage to relatives arising from death

The Scheme Claim value will be an amount between the minimum and the maximum range provided by the Milan tables. Calculated considering closeness of actual relationship, co-habitation, existence of other surviving relatives, and especially the age of deceased and age of surviving relative(s) if confirmed by LMA or CTU.

Loss of chance

If loss of chance results from the damage occurring, or if not (the damage could have occurred even without malpractice), then for the purposes of valuing the Scheme Claim, the loss of chance will be quantified in % by the LMA or CTU and the relevant % applied to relevant amount from the Milan tables for the damage caused.

If loss of chance is connected to a person’s right to survival (i.e., because of malpractice the patient will die/has died earlier than they would otherwise have/ could have died earlier anyway even without malpractice), then such loss of chance will be quantified in % by the LMA or CTU together with the duration of the survival for the purpose of valuing the Scheme Claim. The duration will be compared to the average ISTAT (The Italian National Institute of Statistics) or actual life expectancy at the time of malpractice for a person of the age of the patient and a factor calculated (either TD x balance of life expectancy, or 100% PD, or equivalent of 1st class relative death table depending on outcome).

PART B

SPANISH CLAIMS METHODOLOGY

Submission, Assessment and Valuation of Scheme Claims

Submission of Scheme Claims

Spanish Policyholders must submit their Scheme Claims on the Claim Form provided, via email to the following email address RNICEScheme@Premiare.uk. This mailbox is limited to 35MB.

E-mail is the preferred method for submitting Claim Forms but if for any reason a Policyholder cannot submit the Claim Form by email, these can be submitted by post to the following address: Reliance National Insurance Company (Europe) Limited, c/o Premia UK Services Company Ltd, 2 Minster Court, Mincing Lane, London, EC3R 7BB, England.

Claim Forms must be received by the Claims Deadline.

Supporting Documentation

The Company anticipates that it has the majority of supporting documentation required to assess and value Scheme Claims. Once Policyholders have submitted their Scheme Claims the Company will assess the information it holds and will confirm to the Policyholder whether and what further information it requires. Supporting documentation may include but is not limited to:

- Pleadings;
- Court medical reports;
- Verdicts, and any other Court decision;
- Correspondence
- Clinical records;
- Legal opinions;
- Internal medical opinions;
- Internal calculations; and
- Additional insurance policies.

All supporting documentation requested should be sent by email to RNICEScheme@Premiare.uk.

If Supporting Documentation cannot be sent by email, it must be sent by post to the following address: Reliance National Insurance Company (Europe) Limited, c/o Premia UK Services Company Ltd, 2 Minster Court, Mincing Lane, London, EC3R 7BB, England.

Assessment of Scheme Claims

The Company will initially assess each Scheme Claim against the following criteria:

- e) Coverage: The Company will consider whether the Scheme Claim falls within the policy terms;
- f) In time: The Company will assess whether the Scheme Claim was originally submitted within the time permitted in accordance with local legal requirements and relevant insurance policy terms;
- g) Policy limits, deductibles, and/or self-insured retention: Each Scheme Claim will be assessed in relation to the limits, deductibles and/or self-insured retention for the relevant individual policy;
- h) Liability: The Company will consider whether the Scheme Claim falls within the terms of the policy from documentary evidence (e.g. external medical expert report, internal Company appointed medical expert report and/or a legal opinion received).

All underlying requests for damages will be assessed against the relevant local law.

Scheme Claims that are in a Court process will take into consideration the stage/outcome of the trial available at the time that the Scheme Effective Date based on information available to the Company including but not limited to internal medical reports, legal opinions, contributions, and the documents lodged during the trials (writ of summons, pleadings, court medical reports, and verdicts).

Scheme Claims that are not in a Court process will be assessed based on the information available including but not limited to the last request made, internal medical reports, legal opinions, coverage and timing.

Valuation of Scheme Claims

Once the validity of a Scheme Claim has been determined it will be valued.

- For Spanish claims, losses claimed by the Policyholder will be valued in accordance with Appendix A “Valuation of Spanish Claims”.

Costs included in valuing Scheme Claims

Where judicial proceedings have commenced or are pending, it is anticipated that the following parties will be appointed and therefore incur costs:

- Lawyer
- Legal Medical Adviser (“LMA”)
- Expert

The costs of a Court Appointed Expert (“CTU”) will only be included when such an expert is appointed by a Judge.

Proceedings costs (e.g. counterclaims, appeal, court taxes, mediation costs, court agent fees and publication fee if applicable) will be calculated and paid only when or where a Court decision has been issued charging the insured hospital or the Company with such costs.

Interest, indexation and funeral costs in death claims will only be calculated and included in a Scheme Claim when the Court Medical report is favorable to the claimant and no agreement has been reached in relation to these costs separately with the Policyholder before a Court verdict is issued.

Costs that will not be included in valuing Scheme Claims

Third Party Administrator (“TPA”) costs

The TPA fee will be paid by the Company as a Scheme cost and will not be included in valuing a Scheme Claim.

Legal Fees

Legal fees will be paid by the Company as a Scheme Cost to the extent that they are in line with the agreed legal contract entered into by the Company or Premia or per the relevant Bar Association of Madrid, Valencia, Alicante and Castellón as, if there is no contract in place.

Expert Fees (LMA, accountant etc.)

Expert fees will be paid by the Company as a Scheme Cost to the extent that they are in line with the agreed legal contract entered into by the Company or Premia or per the Promede and Peripromedic fee agreements.

Claims with no liability

If the Company concludes based on a LMA’s opinion that no damage was caused to the claimant as a consequence of the insured’s malpractice, then no costs will be included in a Scheme Claim.

Deductions

Once the valuation of a Scheme Claim has been established the Company will make a deduction of any applicable policy deductibles and amounts due from the Policyholder to the Company.

These may include:

- deductible applicable to each individual claim;
- annual aggregate deductible;
- self-insured retention; and
- amounts due to the Company from the Policyholder, including but not limited to unpaid deductibles and any indemnity, legal fees and interest that are recoverable from the policyholder.

These deductions may be applied at an individual Scheme Claim level or at a Policyholder level and will be communicated to the claimant in the First Determination Notice.

Recovery/Subrogation/Contribution

The Company retains its contractual rights of recovery against third parties included but not limited to the following

- Policyholder, other liable hospital / clinic, Insurer, doctor, doctors insurer and claimant/s.

Section 20 of the Spanish Insurance Contract Act (“SICA”)

Interest under Section 20 SICA cannot be paid to the insured. This is only payable to the prejudiced party when the verdict sentences to its payment.

Appendix A – Valuation of Spanish claims

The Baremo Rate System 2015 will be used to assess the value of Spanish Scheme Claims unless there is a verdict specifying the use of another specific set of baremo.

The reason the Baremo 2015 has been selected is to ensure consistency for all Scheme Claims and it is understood by the Company that this is a fair approach given that these tables are applied in general practice to all Medical Malpractice insurance claims in Spain.

A link to the relevant Tables is provided below:

Baremo Rate System 2015 (<https://www.boe.es/boe/dias/2015/09/23/pdfs/BOE-A-2015-10197.pdf>)

Valuation of Annuities in Scheme

If a verdict contains an annuity, it will be evaluated in line with the tables and with the support of an accountant where required.

Excluded from Valuation

Moral damage that is not covered under the policies:

- 1) SERMAS Policy 050081686: it does not cover the moral damage that does not result from bodily injury. (The clause 5.3 states that it covers the moral damage that arises out of bodily injury).
- 2) SERMAS Policy GL000106: it does not cover the moral damage that does not result from bodily injury. (The clause 5.3 states that it covers the moral damage that arises out of bodily injury).
- 3) SERVASA Policy: it is not covered the moral damage that does not derive from or it is not connected with a bodily injury.

SECTION III
NOTICE OF SCHEME MEETING

CR-2024-002460

RELIANCE NATIONAL INSURANCE COMPANY (EUROPE) LIMITED

NOTICE IS GIVEN that, by an order dated 13 May 2024 made in the High Court of Justice, Business and Property Courts of England and Wales (the "**Court**"), a meeting (the "**Scheme Meeting**") of Policyholders (as defined below) is called for the purpose of considering and voting upon a scheme of arrangement proposed to be made between the Company and its Policyholders pursuant to Part 26 of the Companies Act 2006 (the "**Scheme**"). By the order, the Court has appointed Michele Tavazzi (the "**Chair**") to act as chair of the Scheme Meeting and has directed the chair to report the results of the Scheme Meeting to the Court.

The Scheme Meeting will be held at 10.00 a.m. (London time) on 28 June 2024 virtually via an electronic system with teleconferencing facilities.

All Policyholders, whether or not they intend to attend at the Scheme Meeting are asked to vote on the Scheme by completing a Voting Form and returning it to the Company, c/o Premia UK Services Company Ltd, 2 Minster Court, Mincing Lane, London, EC3R 7BB by 5.00 p.m. (London time) on 25 June 2024. Voting Forms are available from <https://reliance-national-insurance-company-europe.co.uk>.

A Policyholder who is unable to attend the Scheme Meeting may appoint the Chair of the Scheme Meeting or another person to attend the Scheme Meeting as their representative and vote on the Scheme.

Each person attending the Scheme Meeting will be required to register their attendance before the Scheme Meeting starts. Registration will commence at 9.00 a.m. (London time) on 28 June 2024.

The Scheme is proposed between the Company and its Policyholders with claims against the Company under certain Italian and Spanish medical malpractice insurance policies.

A copy of the Scheme, and a statement explaining it called an Explanatory Statement, is available at <https://reliance-national-insurance-company-europe.co.uk>.

The Scheme will be subject to the subsequent approval of the Court.

Dated 13 May 2024

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ

Solicitors to the Company

SECTION IV
VOTING FORM

SECTION A:
RELIANCE NATIONAL INSURANCE COMPANY (EUROPE) LIMITED
VOTING FORM

GUIDANCE NOTES FOR COMPLETION OF THIS SECTION OF THE VOTING FORM ARE ON PAGE 134.

I/We (note 1)

(Enter the name of the Policyholder including all former names)

of (note 1).....

(Enter the address of the Policyholder)

with contact telephone number of (note 1)

(Enter the telephone number of the Policyholder)

being a Policyholder of Reliance National Insurance Company (Europe) Limited (RNICE) for

€

(Enter the total net amount of the Scheme Claim for voting purposes only) (note 2) hereby notify the Company that I/We (tick one box only):

☐

(a) will attend and vote in person at the Scheme Meeting;

OR

(b) hereby appoint as my/our proxyholder to act for me/us at the Scheme Meeting:

☐

(i) the chairman of the Scheme Meeting; **OR**

☐

(ii) Name:

Email:

Telephone:

(Enter name, email and telephone number for proxyholder (other than the Chairman) who will be attending and voting at the virtual Scheme Meeting on behalf of the Policyholder) (note 3)

to vote in the Scheme Meeting as follows:

FOR the Scheme	AGAINST the Scheme	ABSTAIN	AT DISCRETION (where the proxy is not the chairman) (note 4)
..... Signature Signature Signature Signature

(note 4)

The following persons shall be entitled to attend the virtual Scheme Meeting on behalf of me/us as a Policyholder:

Name:
Email:
Telephone number:

Name:
Email:
Telephone number:

Name:
Email:
Telephone number:

Enter the names of each person entitled to attend the virtual Scheme Meeting on behalf of the Policyholder.
A person not listed above may not be permitted access to the Scheme Meeting (note 5).

PLEASE ACCEPT THIS VOTING AS OUR CLAIM FORM IN THE SCHEME

(note 6): ☐

If you are the duly authorised representative of the Scheme Creditor or the duly authorised agent and/or attorney of the Scheme Creditor, enter the capacity in which you have signed this Voting Form (for example or, 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 its behalf.

Authorised signatory:

Name:
Position/Capacity:
Telephone Number:
Email:

Person to contact in the event of a query in respect of this ~Voting Form:

Name: (note 7)
Position/Capacity:
Telephone Number:
Email:

Please provide bank account details into which payment should be made (note 8):

Account Number:

IBAN:

BIC:

SWIFT:

Attn:

Reference:

For completion by Reliance National Insurance Company (Europe) Limited (RNICE):

Admitted to vote

Scheme Claim in the sum of:

€.....

(For voting purposes only)

**GUIDANCE NOTES
FOR THE COMPLETION OF SECTION A: VOTING FORM**

Note 1. Please enter the name and address of the Policyholder in block capitals, and the telephone number in figures. The name, address and telephone number of the Policyholder must be legible. If the person completing this Voting Form is the duly authorised agent and/or attorney of a number of Policyholders, it must complete a separate Voting Form in respect of each Policyholder and provide evidence (which must be satisfactory to the chairman of the Scheme Meeting) of its authority to submit this form on the Policyholder's behalf (for example a deed of assignment or a letter of authority). Failure to provide such evidence of authority may invalidate this Voting Form. Please note that where there are a number of companies within a group who are each Policyholders, each company must complete a separate Voting Form, as a group submission is not permissible.

Note 2. Enter the estimated amount of the Policyholder's net claim against the Company for voting purposes.

Note 3. Tick one box as appropriate. Tick box (a) if the Policyholder is an individual and will be attending, and voting at, the Scheme Meeting in person. Tick box (b)(i) if the Policyholder wishes to appoint the chairman of the Scheme Meeting to vote as its proxy at the Scheme Meeting. Where the chairman has been appointed as a Policyholder's proxy, the Policyholder may still attend the Scheme Meeting. Tick box (b)(ii) if the Policyholder wishes to appoint a person other than the chairman to attend the Scheme Meeting and vote as its proxy at the Scheme Meeting. Such alternative proxy's name must be inserted in the space provided and will be the only person permitted to vote at the Scheme Meeting on behalf of the Policyholder. If a person other than the chairman is appointed as the Policyholder's proxy, that person must attend the Scheme Meeting.

Note 4. If the Policyholder appoints the chairman as its proxy, the Policyholder must indicate how it wishes the chairman to vote on its behalf by signing either the box marked "FOR THE SCHEME" or the box marked "AGAINST THE SCHEME" and the chairman will vote on the Policyholder's behalf accordingly. If the Policyholder appoints the chairman as its proxy and votes in either the box marked "ABSTAIN" or the box marked "AT DISCRETION", the chairman will abstain from voting on the Policyholder's behalf. If the Policyholder appoints a person other than the chairman as its proxy, the Policyholder must indicate how it wishes such other person to vote on its behalf by signing in the appropriate box. If the Policyholder does not sign in any of the boxes, this Voting Form will not operate as a valid appointment of a proxy and consequently no vote will be cast.

Note 5. Please provide the names and contact details of those persons who will be authorised to attend the Scheme Meeting on behalf of the Policyholder. A person who is not listed in this section may not be permitted entry into the Scheme Meeting.

Note 6. If the Policyholder wishes the Company to use the information contained in this Voting Form as its Claim Form, please tick this box. If a Policyholder wishes to pursue this option, it should ensure that it has read and complied with Claims Methodology. The Claims Methodology describes the approach that Policyholders and the Company are expected to follow in valuing Scheme Claims and are set out in Schedule 1 of the Scheme Document.

Note 7. If the person signing this Voting Form is the duly authorised representative of Policyholder which is a corporation or a partnership or other unincorporated body or person, that person should enter their name, the capacity in which they have signed this Voting Form (for example, or, partner, agent and/or attorney) and their contact details. Please note that, if the person signing this form is a duly authorised representative of a number of companies, partnerships or other unincorporated bodies or persons, a separate Voting Form should be completed for each such corporation, partnership or other unincorporated body or person.

Note 8. Please provide details of the valid account into which payment should be made. Not all sections will be relevant to a Policyholder's account. Please provide any additional details that will be relevant.

SECTION B:
SCHEME CLAIMS VOTING VALUATION (FOR
VOTING PURPOSES ONLY)

Description	Unpaid and Outstanding Claims (Euro)
Gross claim for voting purposes	
Less: set-off amounts	
Claim for voting purposes	

If any claims supporting schedules (see SECTION C) have been completed, these should be attached to and included in support of the Voting Form. Failure to supply suitable supporting information in the form of completed claim supporting schedules may result in your vote being rejected or receiving a lower value than you assert.

All amounts entered on the Voting Form must be stated in Euros (EUR).

The value to be attributed to each Policyholder's claim for voting purposes will be determined by the chairman of the Scheme Meeting on the basis of the information provided by the Policyholder on the Voting Form and the information available from the Company's existing records. The chairman shall convert any claim submitted to him in a currency other than Euros into € Euro, converted at the rate of exchange for that particular currency at the Bank of England Spot Rate on the date of the Scheme Meeting. Account will be taken of any known set-off amounts.

The chairman of the Scheme Meeting may refer certain votes to an Independent Vote Assessor as described in the Explanatory Statement. The Independent Vote Assessor will prepare a report for submission to the Court on the reasonableness of the voting values used.

The chairman of the Scheme Meeting may, for voting purposes only, reject a claim in whole or in part, if he considers that it does not constitute a fair and reasonable assessment of the sums owed to the Policyholder by the Company. It is therefore important that Policyholders complete and return a Voting Form and provide supporting information for their valuation of their claim to which the chairman of the Scheme Meeting may refer in assessing its reasonableness.

Where a claim is rejected in whole or in part for voting purposes, the chairman will advise the Policyholder of his decision, prior to the Scheme Meeting where possible or, in any event, afterwards prior to the Court hearing to sanction the Scheme. The sanction hearing is anticipated to take place on 22 July 2024, but any change in such date shall be notified on the Website.

The admission of a claim for voting purposes does not constitute an admission of the existence or amount of any liability of the Company and will not bind the Company or Policyholders. Any such estimate will only be used for voting purposes at the Scheme Meeting, unless a Policyholder elects to use its Voting Form as the basis for its Scheme Claim, subject to the Policyholder providing appropriate supporting evidence to the Company.

SECTION C

SCHEME CLAIMS - SUPPORTING SCHEDULE

(i) CURRENCY EURO

(1) Insurance Policy reference number (where applicable)	(2) Claim Reference (As advised by Premia)	(3) Claimant Name (Deceased / Family Name)	(4) Date Of Loss	(5) Agreed Claim Value not settled by Company EUR	(6) Outstanding Claim Value EUR	(7) Set-off EUR	(8) Net Value EUR
(9) Claims (Euro) total							
(10) Continuation sheets total (in the same currency)							
(11) Total for this page plus any continuation sheets (in the same currency)							

**SCHEME CLAIMS - SUPPORTING SCHEDULE
CONTINUATION SHEET**

(i) CURRENCY EURO

(1) Insurance Policy reference number (where applicable)	(2) Claim Reference (As advised by Premia)	(3) Claimant Name (Deceased / Family Name)	(4) Date Of Loss	(5) Agreed Claim Value not settled by Company EUR	(6) Outstanding Claim Value EUR	(7) Set-off EUR	(8) Net Value EUR
	(9) Claims total (Euro)						

SECTION C

SCHEME CLAIMS - SUPPORTING SCHEDULE AND CONTINUATION SHEET GUIDANCE NOTES

Additional copies of the claims supporting schedule and continuation sheets may be obtained from the Website at reliance-national-insurance-company-europe.co.uk or by contacting the Company by email or telephone as follows:

Contact: Barry Toolan
Mobile: +44 20 4566 5673
Email: RNICEScheme@Premiare.uk

- (1) **Insurance Policy reference number**
Specify the Insurance Policy reference number in relation to each of the policies under which you have claims against the Company in the Scheme. Your insurance broker, intermediary or other agent should be able to assist you in confirming or identifying Insurance Policies and reference numbers. Please insert the Insurance Policy reference numbers onto the claims supporting schedule using a separate line for each open claim for each Insurance Policy.
- (2) **Claim Reference Number**
Reference allocated by Premia (or previously service provider Armour). Please contact Premia for guidance on claim reference number.
- (3) **Claimants Name (Deceased / Family Name)**
Full name/s of claimant/s
- (4) **Date Of Loss**
Date event occurred.
- (5) **Agreed Claims not settled by the Company**
Specify the amount of any claim which has been agreed and has not been settled by the Company.
- (6) **Outstanding Claims**
Specify your estimated value of any claim which is outstanding arising under each Insurance Policy.
- (7) **Set-off amounts total**
Enter the amounts to be deducted by way of set-off (deductibles or known recoverable amounts).
- (8) **Claims total (EUR)**
Apply the Exchange Rate from box (ii) above to the totals in box (13), to convert the claims total into a USD total.
- (9) **Continuation sheet total (EUR)**
If any continuation sheets have been used, insert here the total claim values in USD from all continuation sheets.
- (10) **Total for this page plus any continuation sheets (EUR)**
Aggregate the claims total (EUR) and the continuation sheet total (EUR) to arrive at a total value, where applicable, under columns (5), (6), (7) and (8). Transfer these amounts to the corresponding lines on the Voting Form at Section C and Section B.

SECTION V
CLAIM FORM

CLAIM FORM
IN THE MATTER OF
RELIANCE NATIONAL INSURANCE COMPANY (EUROPE) LIMITED (RNICE)
AND ITS POLICYHOLDERS
AND IN THE MATTER OF THE COMPANIES ACT 2006

The capitalised words and expressions contained within this claim form (the "**Claim Form**") and the instructions shall, unless the context requires otherwise, bear the same meaning given to them in the scheme of arrangement pursuant to Part 26 of the Companies Act 2006 between the Company and its Policyholders as set out in Section II of this document (the "**Scheme**").

You should read this Claim Form including the instructions carefully.

All Policyholders who wish to submit a Claim Form must do so by the Claims Deadline to

Contact: Barry Toolan
Mobile: +44 20 4566 5673
Email: RNICEScheme@Premiare.uk

Further blank copies of this Claim Form can be obtained from the Company at the address above or by visiting the Website at reliance-national-insurance-company-europe.co.uk. If you require any further assistance, then please contact the Company by email at RNICEScheme@Premiare.uk.

Policyholders should not construe any of the contents of this Claim Form or any assistance provided by the Company, the Scheme Advisers or any of their respective advisers as legal, tax, financial or other professional advice. Each Policyholder should consult its own professional advisers as to the legal, tax, financial or other matters relevant to the action it should take in connection with this Claim Form.

Contents

1. Section A: New Claim registration and guidance notes
2. Section B: New Claim valuation and guidance notes
3. Section C: Supporting Schedules (including continuation sheet)

SECTION A: SCHEME CLAIM REGISTRATION

GUIDANCE NOTES FOR COMPLETION OF THIS SECTION OF THE CLAIM FORM ARE ON PAGE 145

.....
(Enter the name of the Policyholder including all former names) (note 1)

.....
(Enter the address of the Policyholder) (note 1)

.....
(Enter the total net amount of the Scheme Claim) (note 2)

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

Authorised signatory:

Name:
Position/Capacity:
Telephone Number:
Email:
(note 3)

Please provide bank account details into which payment should be made (note 4):

Account Number:

IBAN:

BIC:

SWIFT:

Attn:

Reference:

**GUIDANCE NOTES
FOR THE COMPLETION OF SECTION A: SCHEME CLAIM
REGISTRATION**

Note 1. Please enter the name and address of the Policyholder in block capitals. The name and address of the Policyholder must be legible. If the person completing this Claim Form is the duly authorised agent and/or attorney of a number of Policyholders, it must complete a separate Claim Form in respect of each Policyholder and provide evidence of its authority to submit this form on the Policyholder's behalf (for example a deed of assignment or a letter of authority). Failure to provide such evidence of authority may invalidate this Claim Form. Please note that where there are a number of companies within a group who are each Policyholders, each company must complete a separate form of proxy, as a group submission is not permissible.

Note 2. Enter the estimated amount of the Policyholder's net claim against the Company. Please ensure that the Policyholder has read and complied with Claims Methodology. The Claims Methodology describes in detail the approach that Policyholders and the Company are expected to follow in valuing Scheme Claims and are set out in Schedules 1 of the Scheme Document.

Note 3. If the person signing this Claim Form is the duly authorised representative of Policyholder which is a corporation or a partnership or other unincorporated body or person, that person should enter their name, the capacity in which they have signed this Claim Form (for example, or, partner, agent and/or attorney) and their contact details. Please note that, if the person signing this form is a duly authorised representative of a number of companies, partnerships or other unincorporated bodies or persons, a separate Claim Form should be completed for each such corporation, partnership or other unincorporated body or person.

Note 4. Please provide details of the valid account into which payment should be made. Not all sections will be relevant to a Policyholder's account. Please provide any additional details that will be relevant.

SECTION B:
SCHEME CLAIMS VALUATION

CURRENCY E U R _____

Description	Euro
Agreed Claims	
Outstanding Claims	
Gross claim	
Less: set-off amounts	
Claim	

If any claims supporting schedules (see SECTION C) have been completed, these should be attached to and included in support of the Claim Form. Failure to supply suitable supporting information in the form of completed claim supporting schedules may result in your claim being disputed.

Particulars as to estimates of the amount of any outstanding claims provided by a Policyholder 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 Policyholder in any action or proceeding to which the Policyholder 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 be involved.

SECTION C
SCHEME CLAIMS - SUPPORTING SCHEDULE

CURRENCY _____

(1) Insurance Policy reference number (where applicable)	(2) Claim Reference Number (As advised by Premia)	(3) Claimant Name (Deceased / Family Name)	(4) Date of Loss	(5) Unsettled agreed claims	(6) Outstanding Claims	(7) Set-off	(8) Net Value
(9) Claims (Eur) total							
(10) Continuation sheets total (Eur)							
(11) Total for this page plus any continuation sheets (Eur)							

**SCHEME CLAIMS - SUPPORTING SCHEDULE
CONTINUATION SHEET**

CURRENCY _____

(1) Insurance Policy reference number (where applicable)	(2) Claim Reference Number (As advised by Premia)	(3) Claimant Name (Deceased / Family Name)	(4) Date of Loss	(5) Unsettled agreed claims	(6) Outstanding Claims	(7) Set-off	(8) Net Value
(9) Claims (Eur) total							
(10) Continuation sheets total (Eur)							
(11) Total for this page plus any continuation sheets (Eur)							

SECTION C
SCHEME CLAIMS - SUPPORTING SCHEDULE AND CONTINUATION SHEET GUIDANCE
NOTES

Additional copies of the inwards claims supporting schedule and continuation sheets may be obtained from the Website at reliance-national-insurance-company-europe.co.uk or by contacting the Company by email or telephone as follows:

Contact: Barry Toolan
Mobile: +44 20 4566 5673
Email: RNICEScheme@Premiare.uk

- (1) **Insurance Policy reference number**
Specify the Insurance Policy reference number in relation to each of the policies under which you have claims against the Company in the Scheme. Your insurance broker, intermediary or other agent should be able to assist you in confirming or identifying Insurance Policies and reference numbers. Please then insert the Insurance Policy reference numbers onto the inwards claims supporting schedule using a separate line for each Insurance Policy.
- (2) **Claim Reference Number**
Reference allocated by Premia (or previous service provider Armour).
- (3) **Claimants Name (Deceased / Family Name)**
Full name/s of claimant/s
- (4) **Date Of Loss**
Date event occurred
- (5) **Unsettled Agreed Claims**
Specify the amount of any claim which has been agreed but not settled.
- (6) **Outstanding Claims**
Specify the estimated value of the outstanding claim. Where there is more than one claim the aggregate estimated value of any claims which are Notified Outstanding Claims arising under each Insurance Policy.
- (7) **Set-off amounts total**
Enter the amounts to be deducted by way of set-off (Deductible or recovery if applicable).
- (8) **Continuation sheet total (EUR)**
If any continuation sheets have been used, insert here the total claim values in EUR from all continuation sheets.

- (9) **Set-off amounts total**
Enter the amounts to be deducted by way of set-off.
- (10) **Claims (Euro) total**
Enter the totals, where applicable, under each column (6), (7), (8), (9), (10), (11) and (12), in the original currency.
- (11) **Continuation sheet total (Euro)**
If any continuation sheets for the same currency have been used, insert here the total claim values in that same currency from all continuation sheets.
- (12) **Total for this page plus any continuation sheets**
Aggregate the claims total and the continuation sheet total to arrive at a total value, where applicable, under columns (5), (6), (7) and (8).