



5 September 2014

Dear Sir/Madam

OIC Run-Off Limited (formerly Ralli Brothers Insurance Company Limited and The Orion Insurance Company plc) ("OIC") and The London and Overseas Insurance Company Limited (formerly Hull Underwriters' Association Limited and The London and Overseas Insurance Company plc) ("L&O"), L&O and OIC being together referred to as the "Companies"

Important Notice to "Pre-1969 L&O Policyholders"

Words and phrases defined in the draft Amending Explanatory Statement and the draft Amending Scheme shall, unless expressly stated to the contrary, bear the same meanings in this Notice.

On 28 and 29 August 2014, the High Court of Justice (Chancery Division, Companies Court) in London (the "**Court**") heard the Companies' applications for an Order convening meetings of their respective Scheme Creditors for the purposes of considering and, if thought fit, approving the Amending Schemes of Arrangement which were the subject matter of the Practice Statement Letter dated 20 January 2014 and sent to Scheme Creditors on 29 January 2014. The Honourable Mr Justice Sales (the "**Judge**") heard these applications.

The Judge expressed the provisional view that the Companies' approach to the identification of the classes of their respective Scheme Creditors was correct with the result that it is appropriate to convene three meetings of Scheme Creditors of the identified classes of each of the Companies. These will be meetings of: (i) Policyholders (other than Qualifying ILU Policyholders) in relation to their claims in respect of IBNR Liabilities and Notified Outstanding Liabilities; (ii) Policyholders (other than Qualifying ILU Policyholders) in relation to their claims in respect of Scheme Liabilities (other than IBNR Liabilities and

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Notified Outstanding Liabilities), Dual Scheme Creditors and Ordinary Creditors; and (iii) Qualifying ILU Policyholders.

The Judge expressed his view on a provisional basis because he wanted the attention of the Pre-1969 L&O Policyholders to be drawn to the fact that if, as a result of non-payment by Lloyds Bank under its guarantee and indemnity agreement with the Companies, their claims revert to being dealt with under the Original Scheme, then the Pre-1969 L&O Policyholders would not be entitled to have the costs incurred by them in submitting claims under the Amending Scheme reimbursed by the Companies. Such costs will not be recoverable whether the claims are dealt with under the Amending Scheme or are dealt with under the Original Scheme after reverting to that scheme. However, the non-recoverability of such costs if the claims of the Pre-1969 L&O Policyholders revert to being dealt with under the Original Scheme means that there is a risk that if the Pre-1969 L&O Policyholders submit claims under the Amending Scheme, but their claims then revert to being dealt with under the Original Scheme because Lloyds Bank fails to make payment under its guarantee and indemnity agreement with the Companies, the costs associated with the submission of their claims under the Amending Scheme will be wasted and irrecoverable, and they will have to pursue their claims under the Original Scheme in accordance with the procedures already in place under the Original Scheme. This is a risk additional to that which affects all Scheme Creditors, who are at risk of spending money on submitting claims under the Amending Scheme which will be wasted and irrecoverable if the crystallisation and payment provisions of the Amending Scheme are terminated as a result of over 30% by value of Qualifying ILU Policyholders opting out.

The Judge did not state that this matter required Pre-1969 L&O Policyholders to be placed into a separate class. However, he did indicate that the Pre-1969 L&O Policyholders should be put on notice of this issue before any final decision was made on the classes of Scheme Creditors for which meetings were to be convened to consider the proposed Amending Scheme. Following the Judge's comments, the Companies invited the Judge to adjourn the hearing to enable this Notice to be sent to the Pre-1969 L&O Policyholders so as to give such policyholders the opportunity, should they so wish, to make submissions on this point before the order convening the Amending Scheme Meetings is made.

It is anticipated that the reconvened hearing will take place on or soon after 1 October 2014. Accordingly, if any Pre-1969 L&O Policyholders disagree with the Judge's provisional view as to the correct composition of classes and wish to make submissions at the reconvened hearing, then they should notify us immediately.

Any observations communicated to us in writing will be brought to the attention of the Judge by us at the reconvened hearing. You are also entitled to attend the hearing for the purposes



of making submissions should you wish to do so. Please do let us know if you would like further details of the reconvened hearing. The exact date and time of the reconvened hearing will be publicised on the Companies' Website at www.oicrun-offltd.com, as soon as reasonably practicable after it has been confirmed.

Please note that if you do not raise any concerns as to the proposed approach to classes in advance of the reconvened hearing, it will still be possible for you to do so at any subsequent Court hearing to sanction the Amending Scheme. However, if you do that, having failed first to raise those concerns at the reconvened hearing referred to in this Notice, the Court will likely require a good reason to justify your failure to do so at the reconvened hearing.

The Judge has approved the contents of this Notice.

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Yours faithfully
For and on behalf of
OIC Run-Off Limited
The London and Overseas Insurance Company Limited

A handwritten signature in dark ink, appearing to read 'Dan U', with a long horizontal line extending to the right.

Dan Schwarzmenn
Joint Scheme Administrator

Dan Schwarzmenn and Paul Evans were appointed as Joint Scheme Administrators of OIC Run-Off Limited and The London and Overseas Insurance Company Limited to manage their affairs, business and property as agents without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Scheme Administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the scheme of arrangement.



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