



GOVERNMENT OF BERMUDA

Ministry of Business Development and Tourism

Official Receiver

PRESS RELEASE

1 APRIL 2011

SCHEME OF ARRANGEMENT FOR BERMUDA RESIDENT CREDITORS OF BRITISH AMERICAN INSURANCE COMPANY LIMITED (provisional liquidator appointed)

The Official Receiver (the OR) was appointed as provisional liquidator of British American (the Company) on 3 August 2009 by the Supreme Court of Bermuda upon the application of the Bermuda Monetary Authority (BMA).

An extensive review of the records of British American in Bermuda has been undertaken over the past year to validate and value the life insurance policies. In addition, negotiations with the Judicial Manager appointed over the Company in the Bahamas have resulted in assets being protected and available solely for the benefit of Bermuda creditors. As a result, the OR is now in a position to distribute these assets through the implementation a scheme of arrangement (scheme). If the scheme is approved by the creditors and the Supreme Court, the creditors of British American in Bermuda will receive a cash distribution reflecting a percentage of their adjudicated claims against the Company.

In the short term, the OR will make an application to the Supreme Court of Bermuda for directions regarding the meeting required to be held to approve the scheme. As a result, within the next several weeks, all creditors known to the Company, including life insurance policyholders, will receive by post documents which explain the scheme proposed and provide information relating to their individual claims and how they can vote at the scheme meeting, which is provisionally scheduled for May 19, 2011. In addition, Creditors will receive details of information meetings to be held in advance of the scheme meeting so that the OR can explain the scheme, answer questions and assist creditors in completing forms.

Details relating to these information meetings and the scheme will be available on the website – www.kpmg.bm/ba. In addition, announcements will be made in the local press giving the dates and times of these town hall meetings, together with information for those who have not received the scheme documents but believe that they may be creditors.

In the event that the scheme is approved, the OR is hopeful that distributions to creditors can be made during the course of the summer.

Please also note that any life insurance policyholders who have not yet collected their cheques representing return of premiums paid, please do so from the British American office, 133 Front Street, Hamilton between 9 a.m. and 4.30 pm Monday to Friday. These cheques represent the return of premiums paid by life insurance policyholders between 29 July, 2009 and 7 September, 2010.

Further information relating to the scheme of arrangement will be posted from time to time on the website www.kpmg.bm/ba.