

PRESS RELEASE

28 OCTOBER 2010

PREMIUM REFUNDS TO BE RETURNED TO ALL LIFE POLICYHOLDERS WHO HAVE CONTINUED TO PAY PREMIUMS TO BRITISH AMERICAN SINCE 29 JULY 2009.

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

Life insurance policyholders were encouraged to continue to pay their premiums to the Company to ensure that their policies were in full force and effect in the event that the OR was able to arrange for an alternative insurer to take over the life insurance policies. To this end such life insurance premiums were kept in a segregated account for the benefit of those paying premiums so that if the OR was unable to find alternative arrangements for life policyholders, premiums paid from the date of the commencement of the provisional liquidation process (i.e. 29 July, 2009) would be repaid to those life policyholders.

Regrettably, on September 7, 2010, the OR announced that he would be proceeding with a full liquidation of the Company resulting in the cancellation of all policies. Further a Scheme of Arrangement (Scheme) will be put into place for all life insurance policyholders and creditors of British American who are resident in Bermuda. Under the terms of the Scheme, the policyholders and creditors will receive a distribution representing a percentage of an ascribed value of their policy.

Accordingly, all those life policyholders who have continued to pay premiums since July 29, 2009, including Accidental Death & Dismemberment and Sickness & Accident policyholders, will now receive a refund cheque representing the sum of all their premiums paid into the Company since that date.

This cheque represents a refund of all life insurance premiums paid since July 29, 2009 only and does not include the value of any policy that will be distributed to policyholders through the scheme of arrangement. More detailed information regarding the scheme of arrangement will be issued in the near future.

Policyholders who are entitled to receive a premium refund cheque will need to collect their cheques from the offices of British American. Such policyholders should ensure that they bring valid photo identification (a driver's license or passport) and, if available, a copy of their policy. Each policyholder will be required to sign a form of acknowledgement and release in respect of the return of their premium. No cheque will be distributed to any person without complying with these requirements.

Cheques will be available for collection at the British American offices on 133 Front Street, Hamilton from Tuesday, November 2, 2010 between the hours of 9am – 4pm, Monday to Friday.

If you are unable for medical reasons to pick up your cheque yourself, or if you have any questions you can contact the British American hotline on 294-2651 or via email at info@kpmg.bm. Further information can also be found at www.kpmg.bm/ba.