

HILL INSURANCE COMPANY LIMITED (IN LIQUIDATION)

**IMPORTANT NOTICE TO ALL POLICYHOLDERS, BENEFICIARIES AND CREDITORS OF HILL
INSURANCE COMPANY LIMITED (In Liquidation)**

13 February 2013

Dear Sir/Madam,

HILL INSURANCE COMPANY LIMITED (In Liquidation) (“the Company”)

I am writing to you because the records and information available to me indicate that you are or may be the holder of, or a beneficiary under a contract of insurance issued by the Company or a creditor of the Company, to bring you up to date with recent developments.

On 24 January 2013, the Supreme Court of Gibraltar (“the Court”) made an order winding up the Company and appointing me as the Company’s liquidator (“the Order”). Copies of my report to the Court dated 21st January 2013, of the Order, and of other relevant documents, are available for download at www.hillinsurance.eu

The Company is now being wound up under Gibraltar’s Companies Act 1930 (“the Companies Act”) and Insurers (Reorganisation and Winding Up) Act 2004 (“the 2004 Act”). Under that Gibraltar regime, the Company’s insurance debts will be paid after the expenses of the liquidation and the specified classes of preferential debts, but in priority to all other debts of the Company. I enclose with this letter the formal notification required under the 2004 Act.

The Court has confirmed that, for the purposes of Directive 2001/17/EC of the European Parliament and the Council on the reorganisation and winding-up of insurance undertakings, which is implemented in Gibraltar by the 2004 Act, these winding up proceedings were opened on 7th September 2012 (when I was originally appointed as the Company’s provisional liquidator).

The Court has permitted me to disclaim all contracts of insurance and all contracts of reinsurance under which the Company was or may be liable, and I have done so by written notice of Disclaimer signed before the Court on 24th January 2013 (“the Disclaimer”).

The Disclaimer does not affect claims which have arisen under a contract of insurance prior to 24 January 2013. Beneficiaries should report any such claims to me at the address noted below or by email to liquidatore@hillinsurance.eu

Following the Disclaimer, beneficiaries will not be able to claim under their policy for an insured event or claim arising on or after 24 January 2013. Policyholders with an unexpired period of a contract of insurance will have a pro rata claim for return of the premium which they have paid (unless the Liquidator agrees or the Court directs that they are entitled to prove in the liquidation for a different amount). I am permitted to admit such return of

premium claims without requiring a separate formal proof, and I hope to be writing in the near future informing policyholders with such claims of the figure to which I have calculated they are entitled.

The Court has directed me to report by 21 March 2013 with a recommendation as to the constitution of a Committee of Inspection to support my role as liquidator. If you would be interested in participating on such a committee, please contact me by email to the address below by 10 March 2013 with details of any particular interest or experience which you consider would be of benefit on a Committee of Inspection.

On the best indications which are presently available to me, the Company will have a substantial deficit and will only be able to pay its preferential creditors and a dividend to insurance creditors. There is no realistic prospect of any dividend being paid to any other creditor. I cannot at present say when I will be in a position to declare a dividend or what level of dividend will be paid. I will provide further information in due course, when I will also explain the process for claiming in the liquidation.

Neither I nor my staff are in a position to advise individual policyholders in respect of their insurance cover, and questions of that nature should be addressed to policyholders' own brokers or intermediaries. Similarly, it is not my function to advise on the legal position of individual policyholders or creditors and this letter does not constitute the provision of legal advice; policyholders and creditors must consult their own legal advisors. I will however provide information on developments in the liquidation from time to time either by further letters or by posting information on the liquidation website at www.hillinsurance.eu

It will reduce the costs faced in the liquidation of the Company if I am able to communicate with you by email, and if you have not already done so I would be grateful if you would provide me with your preferred email address, which will constitute consent and authorisation for me, my staff and my agents to use email to communicate with you. It would be helpful if you would send details of your full name, policy reference number(s) and preferred email address to liquidatore@hillinsurance.eu

Yours faithfully

Joseph Caruana
Liquidator Hill Insurance Company Limited

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