

## FREQUENTLY ASKED QUESTIONS

### Outcome of the 26 March 2021 hearing / Winding Up Order

On 26 March 2021, the Supreme Court of Bermuda (“Court”) made an order to wind up Northstar Financial Services (Bermuda) Limited (In Liquidation) (“the Company”) following former management’s failure to present a feasible restructuring plan. The Court further directed that the current Joint Provisional Liquidators (“JPLs”), Rachelle Frisby and John Johnston of Deloitte Ltd., continue to act as JPLs.

### Implications of the winding up order

The JPLs will continue to exercise their mandate in accordance with their appointment order and are subject to the oversight of the Court. The JPLs are cognizant of the need to progress this process as expeditiously as possible in the interest of creditors / policyholders.

Following the winding up order, the JPLs will continue to focus their efforts towards, *inter alia*, seeking a definitive resolution to the segregation issue realisation of the Company’s assets in order to maximize distributions to creditors / policyholders.

In addition, the JPLs are required to convene and hold first meetings of Creditors and Contributories. Pursuant to the winding up order dated 26 March 2021; the JPLs are required to hold these meetings within 6 months from the date of the order.

### What happens during the first meeting of creditors?

During the first meeting of creditors, creditors / policyholders will have the opportunity to vote on, *inter alia*, the following resolutions:

- Continuation of the JPLs as liquidators or the appointment of other liquidators; and
- Appointment of a Committee of Inspection (“COI”) to protect creditors’ / policyholders’ interests during the liquidation process.

The JPLs will communicate to creditors / policyholders the process and timing of the meeting ahead of the same. The Court issued a dispensation allowing the meeting to be held via electronic means.

### When will I get money back and how much will I receive?

The timing and quantum of money that creditors / policyholders will receive is dependent on various matters such as the segregation status of the policyholders and quantum of asset realizations.

Meanwhile, the JPLs are working diligently to safeguard the assets and protect the interests of the policyholders. Further, with regards to life policyholders, the JPLs will explore potential solutions that may allow the life insurance policies to continue.

Please note that there is no ability to obtain insurance against losses incurred by a Company in Bermuda.

### When will there be a determination of the segregated accounts issue?

The precise timing is unknown as the Court will need to determine the sequence of events and the timetable for directions following issuance of a Summons for Directions (“Summons”) by the JPLs. The JPLs note that the question of segregation is factually, as well as legally, complex. It straddles at least three relevant Acts and a great number of different contracts, each of which has its own particular formulation.

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The JPLs intend to issue the Summons as soon as practicable, seeking the Court's directions on the issue of segregation. As part of that process, and to ensure that all of the relevant arguments are before the Court, the JPLs' intention is to:

- Seek the appointment of various class representatives, who may, if and to the extent necessary, address the Court on behalf of their respective classes; and
- Disclose their counsels' opinion on segregation.

The details concerning the appointment of class representatives and the process for appointment and conduct in respect of these proceedings will be determined by the Court.

### What happens if I am in a segregated account?

If it is determined that the Company has properly established and operated segregated accounts in accordance with the Segregated Accounts Companies Act 2000, those segregated account holders will have a claim against the client money pool held within that specific segregated account. Policyholders with non-segregated accounts will have an unsecured claim and are not entitled to make a claim for client monies held in any segregated accounts of which they are not account owners.

The JPLs have taken advice from their legal counsel in Bermuda and the UK on the question of segregation under the SAC and the private Acts to which the Company has been subject to.

In accordance with that advice, and as explained above, the JPLs will be seeking directions from the Court as to the extent to which the Company's assets are subject to segregation. The present views of the JPLs' legal counsel are that:

- Mutual fund assets (i.e. investments made on the instructions of policyholders / investors holding variable products) *do* bear the hallmarks of segregation; whereas
- Investments made with the proceeds of funds advanced by policyholders / investors holding fixed products *do not* bear those hallmarks.

Those views will *not*, however, be dispositive of the issue. Given the JPLs will be seeking directions, it will be for the Court to determine the true extent of segregation.

### Will you be processing redemption / trade requests?

At this stage, the JPLs will process all redemption requests into cash. However, the JPLs will not be paying any money to policyholders unless and until such time as we have been able to confirm the solvency position of the Company; determine the status of the segregated accounts; and obtained the sanction of the Bermuda Court to make payment to policyholders.

The JPLs will not be processing any trade requests between investment options at this time.

The JPLs will communicate any changes on this position to all intermediaries and policyholders as appropriate.

### When can I submit a claim to the JPLs?

Ahead of the first meeting of creditors / policyholders, the JPLs will send correspondence requesting for the submission of a proof of debt / claim form to eligible creditors / policyholders.

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### Where can I find further information from the JPLs?

Please continue to liaise with your intermediary in the first instance. The JPLs will be providing updates as often as possible to all creditors and policyholders. However, should you wish to contact the JPLs directly, please do so at [cbcbmfs@deloitte.com](mailto:cbcbmfs@deloitte.com)

Further, policyholders with access to the Company's online portal should continue to check their accounts for up-to-date communications found on the Documents tab. Should you have any challenges accessing the portal or wish to get online access to the portal, please contact our customer service team as outlined in previous communications.