FREQUENTLY ASKED QUESTIONS ("FAQ") #6 – RELATING TO SUPPLEMENTAL DIRECTIONS APPLICATION AND NEXT STEPS

Introduction

This FAQ applies to policyholders of Northstar Financial Services (Bermuda) Ltd. (in liquidation) (the "Company"). This FAQ document responds to various inquiries that the Joint Liquidators ("JLs") have received from policyholders following the distribution of the information in respect of the supplemental directions application (the "Application") on 24 August 2026. However, please note this FAQ document is not intended to replace or supplement the information provided in respect of the Application. A copy of the summary of the Application is available on the Company website at www.northstarfinancialservices.bm ("Company Website"). Additionally, the JLs would be pleased to provide a copy of the summons, draft order and further details of the directions sought, upon request to support@nfs.bm.

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FAQs for general questions

1. What is the Application and why is it necessary?

The JLs have asked the Court to provide guidance on several remaining legal issues in respect of term deposit interest earned on variable investments, the impact of the Investment Business (Client Money) Regulations 2004 ("CMR") on non-variable policyholders and the priority of claims.

- Interest – The JLs invested redeemed variable investments in term deposits and are seeking directions on how the interest earned should be allocated. This will determine how much of the interest is available to the different classes of policyholders and how much can eventually be distributed. The interest issue affects both the variable and fixed policyholders.

- CMR – The Company registered under the Investment Business (Client Money) Regulations 2004 (CMR) in 2018 and became subject to the applicable regulations. The Court considered certain aspects of the Application of the CMR in 2025. The remaining issueswhich the current Application seeks to address, are matters following from that Judgment and clarifying the meaning of that Judgment. They concern questions such as how far certain monies are held under a CMR statutory trust, and how far such CMR statutory trust monies impact other trust monies. This will allow the JLs to determine how to distribute monies amongst the fixed policyholders and general creditors. The CMR does not affect variable policyholders, but it does affect fixed and Metlife policyholders.

The Court's guidance is required before the JLs can proceed with the next steps toward making final distributions to variable policyholders and any distribution to fixed and Metlife policyholders.

2. How does the Application impact when I get my payment?

Until the above issues are resolved, the JLs cannot finalise distributions. Once the Court has provided its directions, the JLs will be able to move forward with the next steps toward making distributions to the various policyholder groups.

3. Can you explain the process in simple terms?

The JLs have been working to recover assets so that distributions can be made to policyholders. The Court has already made important decisions on a number of issues affecting policyholders. Variable policyholders have started receiving interim distributions. Several legal issues still need to be resolved by the Court before a final distribution can be made to variable policyholders and distributions can be made to fixed policyholders. The Application asks the Court to provide guidance on those issues. Once the Court has provided guidance on these issues, the JLs can complete the remaining work needed to progress distributions.

4. When do you expect to hear from the Court regarding the Application?

If there are no opposing parties, the Application is expected to be heard after 21 September 2026. If objections are raised, a hearing is expected to take place after 4 November 2026. The timing of the Court's final decision will depend on the Court's schedule.

Any party wishing to support or oppose the Application had to have notified the JLs by 7 September 2026.

FAQs for fixed policyholders

5. How do the Application and CMR affect fixed policyholders?

The Court previously determined that, with limited exceptions, assets were not effectively linked to the segregated accounts established for fixed policies. As a result, fixed policyholders have claims against the general account rather than against a segregated account. The remaining CMR issues affect which assets form part of the general account and how assets are distributed among fixed policyholders.

6. When will payments commence for fixed policyholders?

Payments can commence only after the Court has determined the remaining legal issues on CMR, priority, trust and interest-related issues. Once these issues have been resolved and the JLs assess the recoveries made, the JLs will provide an update on the timing of distributions to fixed policyholders.

7. Which fixed policyholders are affected by the CMR non-poolable monies issue?

The JLs are seeking the Court's directions on this in the supplemental directions application.

8. Are any fixed policies outside the scope of the Insurance Act 1978?

The JLs are seeking the Court's confirmation that policies issued under the Northstar Act (but not those issued under the Nationwide Act or the Citicorp Act) are outside the scope of the Insurance Act 1978.

9. What is the interest issue and how could it affect fixed policyholders?

The JLs invested redeemed variable investments in term deposits and are seeking directions on how the interest earned should be allocated. In particular, owing to the operation of the private Acts and the relevant policies, the JLs seek directions that the interest arising in respect of Nationwide Act policies accrues to those policies' segregated accounts, whereas interest arising in respect of the Northstar Act policies accrues to the Company's general account. The Court's decision will determine these issues and how much of the interest is linked to the relevant variable segregated accounts (and can be used for purposes associated with those policies) and how much forms part of the general account assets, which may be available for distribution for non-variable claims. The Court has also been asked to determine whether certain interest associated with mixed policies containing both fixed and variable investments may be used to settle fixed claims.

10. What are the next steps for fixed policyholders after the Court gives directions?

The judgment will allow the JLs to determine the assets available for the various classes of creditors and finalise claim positions and distributions.

For long-term life policies within the scope of Section 37 of the Insurance Act 1978 ("Act"), the JLs will also consider whether it is necessary to transfer the long-term life policies to a new insurer pursuant to that Act.

<u>FAQs for variable policyholders</u>

11. How do the Application and CMR affect variable policyholders?

The Court has already determined that the CMR does not remove the protections associated with valid variable segregated accounts. However, the current Application seeks further guidance on how certain interest earned on variable redeemed investments should be treated and whether it should be allocated within segregated accounts or otherwise distributed.

12. When is the expected final distribution for variable policyholders?

Final distributions will be made upon the resolution of the remaining legal issues, including the treatment of interest and cost allocation for the directions applications.

13. What is the interest issue and how does it affect variable policyholders?

As set out in relation to question 9 above, the JLs invested redeemed variable investments in term deposits and are seeking directions on how the interest earned should be allocated. In particular, owing to the operation of the private Acts and the relevant policies, the JLs seek directions that the interest arising in respect of Nationwide Act policies accrues to those policies' segregated accounts, whereas interest arising in respect of the Northstar Act policies accrues to the Company's general account. The Court's decision will determine these issues and how much of the interest is linked to the relevant variable segregated accounts (and can be used for purposes associated with those policies) and how much forms part of the general account assets, which may be available for distribution for non-variable claims. The Court has also been asked to determine whether certain interest associated with mixed policies containing both fixed and variable investments may be used to settle fixed claims.

14. After the Court gives directions, what are the next steps for variable policyholders?

The JLs will conduct a final valuation and notify policyholders. The policyholders will have 42 days to provide feedback on their final valuation. If no objections are received, final distributions will be made shortly thereafter.

FAQs for Metlife policyholders

15. How do the Application and CMR affect Metlife policyholders?

Certain monies associated with Metlife Trust I and II policies may be subject to both the Metlife trusts and the statutory CMR trust. The Court has been asked to determine how those monies should be allocated between the two trust structures. As a result, the outcome may affect the funds available to particular groups of Metlife policyholders.

The CMR may also affect the extent to which assets are available for Metlife policyholders who are not in Trust I and II.

16. Which Metlife policyholders are affected by the CMR issues?

All non-variable Metlife policyholders may be affected.

17. What is the status of the Court's review of the Metlife trust accounts?

The JLs completed an analysis of the Metlife trust accounts and submitted it to the Court on 24 August 2026 as part of the Application. The JLs have proposed a methodology for allocating funds between the Metlife trusts and the CMR statutory trust and the Court has been asked to consider the methodology or provide alternative guidelines.

18. After the Court gives directions, what are the next steps for Metlife policyholders?

This largely depends on the judgment of the Court. If the Court guidance provides sufficient clarity and certainty on the assets available to the Metlife policyholders, the JLs will consider the necessity of a transfer of the Metlife long-term life policies to a new insurer as required in the Insurance Act 1978.