

IN THE SUPREME COURT OF BERMUDA

COMMERCIAL COURT
COMPANIES (WINDING-UP)
2020: No 304

IN THE MATTER OF NORTHSTAR FINANCIAL SERVICES (BERMUDA) LTD
AND IN THE MATTER OF THE COMPANIES ACT 1981
AND IN THE MATTER OF THE INSURANCE ACT 1978
AND IN MATTER OF INVESTMENT BUSINESS ACT 2003
AND IN THE MATTER OF THE SEGREGATED ACCOUNTS COMPANIES ACT 2000
AND IN THE MATTER OF ITS PRIVATE ACTS

ORDER

UPON the application of John Johnston and Elizabeth Cava as Joint Provisional Liquidators ("JPLs") of Northstar Financial Services (Bermuda) Ltd (in liquidation) ("**Northstar**") made by *ex parte* summons dated 13 October 2024 (the "**Application**")

AND UPON the judgment of Hargun CJ dated 28 July 2023 ("**Segregation Judgment**") by which the Court provided directions as to the extent to which Northstar established segregated or separate accounts (the "**Segregated Accounts**") in respect of investments made in it or policies issued by it as part of its business ("**Policies**")

AND UPON the JPLs seeking to identify the claims which those entitled to the benefit of Policies or their properly appointed representatives ("**Policyholders**") might have against the account of Northstar comprising all of the assets and liabilities of Northstar which are not linked to a segregated account ("**General Account**") in light of the Segregation Judgment

AND UPON the Order of the Court dated 19 January 2024, pursuant to which the JPLs undertook a process to identify the nature and basis of claims which may be asserted by Policyholders against Northstar *qua* creditor against Northstar's General Account rather than against any Segregated Account it may have established ("**Policyholder General Account Creditors**" and "**Policyholder General Account Claims**")

AND UPON the JPLs having engaged with certain of the Policyholder General Account Creditors in relation to the admission of the Policyholder General Account Claims

AND UPON the Court considering the JPLs' proposal for the admission and valuation of the Policyholder General Account Claims

AND UPON the Court also determining the application to Northstar of the Investment Business (Client Money) Regulations 2004 (the “**CMR**”) as well as the consequences (if any) of the CMR for Northstar’s liquidation

AND UPON the Court considering the JPLs’ proposals for holding the first meetings of creditors and contributories (“**First Meetings**”) pursuant to rule 85 of the Companies (Winding-Up) Rules 1982 (“**Winding-Up Rules**”)

AND UPON the Court considering the structure of trusts and sub-trusts through which the Company issued Policies (“**Trust Structure**”) with the trustees of the respective trusts (“**Trustee**” or “**Trustees**”) being the Company’s contractual counterparty

AND UPON the Court considering the JPLs’ proposals by which they seek to enfranchise the Policyholders to facilitate the Policyholders’ participation at the first meeting of creditors

AND UPON the Trustees having agreed to be bound by the Court’s directions in relation to the First Meetings

AND UPON considering the First Affidavit of Edward Willmott, dated 17 January 2024, the Second Affidavit of Edward Willmott, dated 31 January 2024, the Third Affidavit of Edward Willmott, dated 16 May 2024, and the Tenth Affidavit of John Johnston, dated 4 June 2025 (the “**Evidence**”).

AND UPON hearing from Counsel for the JPLs, Counsel for the Non-JPL Party and Counsel for BISI as defined in the Court’s Order dated 22 April 2025.

IT IS ORDERED AND DIRECTED THAT:

Admitted Policyholder Claims: Admission and Valuation

1. Subject to paragraphs 2 to 5 below, the JPLs shall be entitled to admit without proof (or otherwise recognise by way of compromise or arrangement) the Policyholder General Account Claims upon the bases and in accordance with the valuation methodology set out in Schedule 1 to this Order (“**Admitted Policyholder Claims**”) for the purpose of holding First Meetings.
2. Following the admission and valuation exercise carried out pursuant to paragraph 1 above, the JPLs shall notify each Policyholder General Account Creditor of the value of their Admitted Policyholder Claim(s) at the address recorded in Northstar’s books and records (or through such other or additional means as the JPLs consider appropriate).
3. Each Policyholder General Account Creditor shall, within 42 days of the JPLs taking the step to provide the notification set out at paragraph 2 above, provide the JPLs with:

- 3.1. Any objection to the JPLs' determination of the value of their Admitted Policyholder Claim(s);
 - 3.2. Any further or alternative valuation of their Admitted Policyholder Claims which they consider is more appropriate; and
 - 3.3. Reasons supporting that alternative valuation, along with the legal basis for it and such evidence as the Policyholder General Account Creditor wishes to provide in support of their position.
4. Unless notice of objection is received by the JPLs in accordance with paragraph 3 above, the value of the Admitted Policyholder Claim determined by the JPLs under paragraph 1 above shall stand as the value of that Admitted Policyholder Claim.
5. Where a Policyholder General Account Creditor provides their objection in accordance with paragraph 4 above, the JPLs may:
 - 5.1. Admit that Admitted Policyholder Claim in respect of any revised amount claimed by the Policyholder General Account Creditor; or
 - 5.2. Require that Policyholder General Account Creditor to submit a proof of debt in respect of their claim, within a reasonable time specified by the JPLs, for adjudication by the JPLs, failing which the value determined pursuant to paragraph 1 above shall stand as the value of the Admitted Policyholder Claim.

Enfranchisement of Policyholders at First Meetings

6. The JPLs shall be entitled to treat those individuals ultimately beneficially interested in policies or investment contracts issued by Northstar, or those individuals otherwise designated as beneficiaries of a policy or investment contract of Northstar, as "*creditors*" for the purposes of the first meeting of creditors insofar as the Trustee has so consented and delivered a proxy form or other written consent to the JPLs to that effect; and the term "*creditors*" as used in paragraphs 8 to 14 below shall be so construed.
7. For the avoidance of doubt, the JPLs shall be permitted to engage with the Trustee(s) and carry out all necessary steps pursuant to or in connection with the process set out at paragraph 6 and such engagement shall not constitute an improper solicitation to obtain proxies pursuant to r. 106 of the Winding-Up Rules or otherwise.

First Meetings

8. Pursuant to r. 88 of the Winding-Up Rules, the JPLs shall hold the First Meetings in accordance with the Winding-Up Rules and the Companies Act 1981 save as expressly or impliedly modified by the provisions in paragraphs 9 to 14 below.
9. The JPLs shall draw up a list of Northstar's creditors and contributories discernible from Northstar's books and records, and such other sources of information as the JPLs see fit to consider (including, if deemed appropriate, by calling for proofs in respect of potential creditors other than Policyholder General Account Creditors).
10. Save insofar as the ability to call for proofs of debt is otherwise preserved by this Order and the JPLs do call for such proofs in any particular case, the requirement under r. 95 of the Winding-Up Rules for creditors to prove their debts (or for the JPLs to call for such proofs) in advance of the first creditors' meeting shall not apply.
11. The JPLs shall summon the First Meetings by:
 - 11.1. giving not less than seven days' notice of the time and place of the First Creditor meeting in the Bermuda Gazette; and
 - 11.2. sending by the methods identified in paragraph 11.3 below to the creditors and contributories identified pursuant to paragraph 9 above:
 - 11.2.1. a notice in substantially the form of Form 64 and 65 to the Winding-Up Rules (with such modifications as may be appropriate).
 - 11.2.2. general and/or special proxy forms in substantially the form of Forms 62 and 63 to the Winding-Up Rules (with such modifications as may be required in light of the Trust Structure and the provisions made at paragraph 6 above).
 - 11.3. notwithstanding anything in r. 89 of the Winding Up Rules (which, pursuant to r. 88 of the Winding Up Rules, shall not apply to the extent of any inconsistency with the terms of this sub-paragraph), the notices required to be given pursuant to paragraph 11.2 shall be given:
 - 11.3.1. by placing the notices on Northstar's website;
 - 11.3.2. where Policyholders maintain an account on Northstar's electronic policy management system, by requesting that the administrators of that system upload a notification to each Policyholder's account;

- 11.3.3. by sending (electronically or by post) a copy of the notices to the creditors and contributories identified pursuant to paragraph 9 above to the last email/physical address on file for the Policyholder; and
 - 11.3.4. taking such further or additional steps as they may consider necessary and proportionate to notify creditors.
12. By 30 June 2026, the JPLs shall hold a first meeting (or meetings) of creditors and contributories (i.e. the First Meetings) to consider:
- 12.1. the identity of the liquidator pursuant to section 171(b) of the Companies Act 1981; and
 - 12.2. the appointment of a committee of inspection and who are to be members of the committee if appointed.
13. The First Meetings held pursuant to paragraph 12 above shall take place by way of video conference at such reasonable time as the JPLs believe is appropriate for the majority of creditors and contributories.
14. The JPLs shall hold and conduct the first meeting of creditors in accordance with Schedule 2 to this Order, which makes more specific provision as to the rules governing the identity of creditors who may vote at the first meetings of creditors and the value to be attached to their claims for voting purposes.

Miscellaneous provisions

15. The JPLs' costs of the Application shall be borne as an expense of the liquidation on an indemnity basis. These costs shall be allocated as appropriate to the various segregated, trust, pooled or general account assets as previously determined by the Court, or as to be determined by consequential application if necessary.
16. The reasonable costs of:
- 16.1. UNFCU from the date of the filing of the Summons up to any determination of its appointment as the Non-JPL Party on the Issues; and
 - 16.2. The Non-JPL Party from the date of appointment up to and including the Substantive Hearing on the Issues (as such terms in these sub-paragraphs defined in the Court's 22 April 2025 Order)

shall be borne as an expense of Northstar's liquidation on an indemnity basis. These costs shall be allocated as appropriate to the various segregated, trust, pooled or general account assets as previously determined by the Court, or as to be determined

by consequential application if necessary. Such costs shall be assessed by the Court if not agreed.

17. Liberty to apply.

DATED this 26 day of September 2025.




HON. JUSTICE ANDREW MARVIN

SCHEDULE 1: ADMITTED POLICYHOLDER CLAIMS

<i>In this Schedule 1, the following defined terms are used:</i>	
“Admitted Policyholder Claim(s)”	<i>means the claims admitted pursuant to paragraph 1 of this Schedule.</i>
“Company”	<i>means Northstar Financial Services (Bermuda) Ltd (in liquidation)</i>
“Cut-Off Valuation Date”	<i>Means 16 January 2026.</i>
“General Account”	<i>means the account of the Company comprising all of the assets and liabilities of a segregated accounts company which are not linked to its Segregated Account(s)</i>
“JPLs”	<i>means John Johnston and Elizabeth Cava as joint provisional liquidators of the Company.</i>
“Linked Segregated Assets”	<i>means the assets which are linked to and which form part of any particular Segregated Account in accordance with the terms of the applicable Policy, the terms of the applicable governing instruments, and any applicable statutory provisions governing the Segregated Account.</i>
“Linked Segregated Asset Value”	<i>means the value of the Linked Segregated Assets as at the Cut-Off Valuation Date or (where those Linked Segregated Assets have been realised) the actual value of the Linked Segregated Assets realised.</i>
“Plan Value”	<i>means the value to which the Policyholder is entitled under the terms of the particular Policy.</i>
“Policy” or “Policies”	<i>means the policies or investment contracts issued by the Company as part of its business.</i>
“Policyholder”	<i>those entitled to the benefit of Policies or their properly appointed representatives.</i>
“Policyholder General Account Claims”	<i>has the meaning given in the recital to this Order.</i>
“Segregated Account(s)”	<i>means the segregated accounts established by the Company as part of its business of issuing Policies.</i>
Surrender” or “Surrendered”	<i>means the situation in which, by reason of the submission of a request for the full surrender of a Policy or the maturity of a Policy or otherwise, a dollar amount ascertained in the Company’s records is payable to the Policyholder, and no additional liability of the Company to the Policyholder can in future arise in accordance with the terms of the Policy.</i>
“Surrender Date”	<i>means the date upon which a Policy was Surrendered.</i>
“Winding-Up Date”	<i>means 26 March 2021.</i>

Nature of Admitted Policyholder Claims

1. The JPLs shall be permitted to admit the Policyholder General Account Claims against the Company's General Account on the basis that it was an implied terms of their Policies that, where the Company took money or other property of the Segregated Account into its General Account, the Policyholders would be entitled to assert such right(s) to repayment against the General Account as that Policyholder would have been able to assert against the Segregated Account pursuant to the terms of the Policy as if that money or property had remained in the Segregated Account.

Valuation of Admitted Policyholder Claims

2. Except in circumstances where the JPLs would consider that such a valuation would be inappropriate in particular circumstances, the value of the Admitted Policyholder Claims shall be determined in accordance with paragraphs 3 to 7 of this Schedule 1.
3. Where a Policy was Surrendered prior to the Winding-Up Date, the value of the Admitted Policyholder Claim will be the Plan Value due and owing under the Policy pursuant to its terms as at the Surrender Date less the value of any Linked Segregated Assets.
4. Where a Policy was not Surrendered prior to the Winding-Up Date, the value of the Admitted Policyholder Claim will be determined:
 - 4.1. in accordance with paragraph 5 of this Schedule 1 where, having regard to the terms of the Policy, the JPLs consider that Policy gives rise to a prospective or future claim;
 - 4.2. in accordance with paragraph 6 of this Schedule 1 where, having regard to the terms of the Policy, the JPLs consider that the Policy gives rise to a contingent claim or a claim which is otherwise of uncertain value.
5. The value of an Admitted Policyholder Claim under paragraph 4.1 of this Schedule 1 shall be calculated by:
 - 5.1. First, identifying the value provable pursuant to r. 69 of the Winding-Up Rules;
 - 5.2. Second, deducting from that sum the Linked Segregated Asset Value.
6. The value of an Admitted Policyholder Claim under paragraph 4.2 of this Schedule 1 above shall be calculated by making a "just estimate" in accordance with the following methodology:
 - 6.1. Where the Policy has been Surrendered after the Winding-Up Date prior to the Cut-Off Valuation Date, the value of the Admitted Policyholder Claim will be the

value due and owing under the Policy pursuant to its terms as at the Surrender Date less the value of any Linked Segregated Assets.

- 6.2. Where the Policy has not been Surrendered as at the Cut-Off Valuation Date, the value of the Admitted Policyholder Claim will be the value of the Policy at the Cut-Off Valuation Date calculated in accordance with such actuarial principles or other established valuation principles as the JPLs consider appropriate less the value of any Linked Segregated Assets.
7. Where paragraphs 3 to 6 of this Schedule 1 are inapplicable to the valuation of any particular Policy, or the JPLs consider that such a valuation would be inappropriate in any particular case, the JPLs may value the Admitted Policyholder Claim(s) in accordance with such further or other principles of valuation as they consider appropriate.

SCHEDULE 2: CALCULATION OF VALUE OF VOTES AT FIRST MEETINGS

<i>In this Schedule 2, the following defined terms are used:</i>	
“Admitted Policyholder Claim(s)”	<i>means the claims admitted pursuant to paragraph 1 of Schedule 1 to this Order.</i>
“Company”	<i>means Northstar Financial Services (Bermuda) Ltd (in liquidation)</i>
“CMR”	<i>means the Investment Business (Client Money) Regulations 2004</i>
“CMR Trust Value Estimation Date”	<i>means a date to be determined by the JPLs, 1 month or more before the list of creditors is to be drawn up in accordance with paragraph 9.</i>
“creditor”	<i>means a creditor of the General Account and shall include the parties identified as “creditors” pursuant to paragraph 6 of this Order.</i>
“First Meeting of Creditors”	<i>means the first meeting of creditors held pursuant to the Winding-Up Rules and in accordance with paragraphs 8 to 14 of this Order.</i>
“General Account”	<i>means the account of the Company comprising all of the assets and liabilities of a segregated accounts company which are not linked to its Segregated Account(s)</i>
“JPLs”	<i>means John Johnston and Elizabeth Cava as joint provisional liquidators of the Company.</i>
“Linked Segregated Assets”	<i>means the assets which are linked to and which form part of any particular Segregated Account in accordance with the terms of the applicable Policy, the terms of the applicable governing instruments, and any applicable statutory provisions governing the Segregated Account.</i>
“Policy” or “Policies”	<i>means the policies or investment contracts issued by the Company as part of its business.</i>
“Policyholder”	<i>those entitled to the benefit of Policies or their properly appointed representatives.</i>
“Segregated Account(s)”	<i>means the segregated accounts established by the Company as part of its business of issuing Policies.</i>
“Winding-Up Rules”	<i>means the Companies (Winding-Up) Rules 1982</i>

1. In convening and holding the First Meeting of Creditors, the JPLs shall follow the principles set out in this Schedule 2 when determining the amounts (if any) in respect of which a creditor is entitled to vote.
2. A creditor shall be entitled to vote at the First Meeting of Creditors in respect of the value of any claim which they have against the General Account of the Company in

accordance with the provisions of the Companies Act 1981 and the Winding-Up Rules. The specific provisions of this Schedule 2 are without prejudice to the generality of this provision save that, in the event of conflict, the specific provisions set out at paragraphs 3 to 4 shall prevail.

3. Creditors of the Company other than Policyholders claiming in their capacity as such shall vote in respect of any amounts identified pursuant to a process of proofs or otherwise discernible from the Company's books in records through the process more particularly set out in paragraphs 9 to 10 of this Order.
4. In respect of Policyholders:
 - 4.1. Policyholders shall be entitled to vote in respect of any Admitted Policyholder Claims valued in accordance with Schedule 1 to this Order.
 - 4.2. For the avoidance of doubt, Policyholders shall not be entitled to vote in respect of any claims against a Segregated Account or in respect of any claim against Linked Segregated Assets.
 - 4.3. Policyholders shall not be entitled to vote in respect of any sums (or proportion of sums) which are held on trust for their benefit (including, for the avoidance of doubt, by virtue of any statutory trust under the CMR).
 - 4.4. For the purposes of paragraph 4.3, and to enable the First Meeting of Creditors to be held, the JPLs shall be entitled to make a good-faith estimate of the value of monies which they consider are held on any trust as at the CMR Trust Value Estimation Date. In the event that some or all of such sums are uncertain or incapable of estimation as at the CMR Trust Value Estimation Date, the JPLs shall be entitled to assign a value of \$1 (or such other nominal figure as they consider appropriate) to such claims for these purposes.

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ORDER



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