Northstar Financial Services (Bermuda) Ltd.
(In Liquidation)
www.northstarfinancialservices.bm

24 August 2026

TO ALL POLICYHOLDERS

Dear Sir/Madam,

Northstar Financial Services (Bermuda) Ltd. (In Liquidation) (the "Company") – Supplemental directions application

The Joint Liquidators ("JLs") of the Company refer to the first creditors' meeting notification to fixed policyholders and general creditors dated 8 May 2026 and the variable claim notification to variable policyholders dated 16 February 2026. In these notifications, the JLs advised that there are pending legal matters on client money and interest that need to be addressed to allow the Company's liquidation to progress.

The JLs filed summons on 24 August 2026 seeking directions from the Supreme Court of Bermuda (the "Court") on the issues, which are summarized below:

1. **Investment Business (Client Money) Regulations 2004 (CMR) issues**

The summons seek to clarify and provide further directions on certain points following the Court's Judgment dated 25 September 2025 in relation to the application of the CMR and its effect on the Company.

Specifically, the JLs are seeking the following determinations:

1. Clarify the position on the application of the CMR to client monies which are not poolable within the meaning of the CMR;
2. Clarify whether a tracing (or other equitable asset identification) exercise is required in respect of non-segregated monies, and, if so, how it is to be conducted;
3. If no such exercise is required in respect of non-segregated monies, determining whether the CMR is generally applicable or not applicable to those monies (in other words, whether it should be assumed in such a case that all non-segregated account money held by the Company is to be dealt with in accordance with the CMR or whether none of Company's money should be dealt with in accordance with the CMR);
4. Determine the extent to which monies held in certain bank accounts associated with the Metlife Trusts are subject to a statutory trust under the CMR;
5. Clarify the effect on distributions from the statutory CMR trust of claims against the general account deemed admitted pursuant to the Orders of Martin J dated 25 September 2025; and
6. Clarify whether priority under the Insurance Act 1978 applies to certain event-linked financial instruments.

For the avoidance of doubt, further CMR Issues are not expected to have any impact on the segregated accounts operated by Company.

2. Interest issues

The direction sought is to determine the treatment of interest earned on the proceeds of closed and surrendered variable investments. The JLs consider that in certain cases, interest is linked to the segregated accounts of the relevant policyholders, giving rise to the possibility that it may be used to satisfy expenses charged to their accounts and (in the event of a surplus) satisfy certain claims under the relevant policies. Specifically, the JLs are seeking the following determinations:

- The extent to which the interest is linked to the relevant policyholders' segregated accounts;
- To the extent that it is linked, determine policyholders' contractual entitlements in relation to that interest and how that interest should be applied by the JLs, and, in particular, where the policy in question has fixed and variable investment options;
- Whether any surplus interest remaining after payment of costs charged to the segregated account may be applied in part-satisfaction of any claim which that policyholder has under a fixed investment option; and
- The extent to which interest linked to a policyholder's segregated account might be applied towards payment of the policyholder's claim on the enhanced death benefit.

The JLs would be pleased to provide a copy of the summons, and further details of the directions sought, upon request to support@nfs.bm.

Any person who opposes or supports the further directions sought and who wishes to be heard upon the same must notify the JLs in writing on or before **7 September 2026**.

The JLs will keep you updated on material developments.

Should you have any queries, please do not hesitate to reach out using the email address above.

Sincerely,
Northstar Financial Services (Bermuda) Ltd. (In Liquidation)