

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 Edward Willmott as Joint Provisional Liquidators ("JPLs") of Northstar Financial Services (Bermuda) Ltd (in liquidation) ("Northstar" or the "Company") made by *ex parte* summons dated 13 October 2023 (the "Application")

AND UPON the procedural directions made by the Hon Justice Subair Williams by orders made on 19 January 2024 and 22 April 2025

AND UPON the judgment of Hargun CJ dated 28 July 2023 by which the Court provided directions as to the extent to which Northstar established segregated or separate accounts (the "Segregated Accounts") in respect of investment contracts or policies issued by it ("Policies") for the benefit of persons designated as beneficially entitled under the terms of the governing instrument(s) by which the Policies were issued ("Policyholder")

AND UPON reading 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 the Court considering the JPLs' proposals in relation to those variable policyholders or creditors of Northstar recorded in the Company's books and records on behalf of whom Segregated Accounts were successfully established ("Variable Segregated Accountholders")

AND UPON considering the JPLs' proposals in relation to the admission, valuation, and payment of the claims which Variable Segregated Accountholders may have against their segregated account(s) (the "Variable Segregated Claims")

AND UPON HEARING 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:

1. Pursuant to rule 64 of the Companies (Winding-Up) Rules 1982:
 - 1.1. The JPLs shall be permitted to admit the Variable Segregated Claims (or some of them) without proof; but
 - 1.2. The JPLs shall be entitled, if they see fit, to require any Variable Segregated Accountholder to submit a proof of debt in respect of their Variable Segregated Claim(s), or to submit such further or other proof of debt as the JPLs consider necessary.
2. For the purposes of admission without proof, the value of the Variable Segregated Claims shall be determined by the JPLs in accordance with the principles set out in Schedule 1 of this Order.
3. Following the valuation exercise set out at paragraph 2 above, the JPLs shall notify each Variable Segregated Accountholder of the value of their Variable Segregated Claim(s) (and from where they can obtain a copy of the principles applied by the JPLs in making a fair estimate of the value of their claims):
 - 3.1. Where Variable Segregated Accountholders maintain an account on Northstar's electronic policy management system, by requesting that the administrators of that system upload a statement setting out the valuation;
 - 3.2. Where Variable Segregated Accountholders do not maintain an account on Northstar's electronic policy management system, by arranging for a physical letter to be sent to the last physical address on the file for the Variable Segregated Accountholders;
 - 3.3. Taking such further or additional steps as they may consider appropriate and proportionate to notify Variable Segregated Accountholders.
4. Each Variable Segregated Account holder shall, within 42 days of the JPLs taking the step to provide the notification set out at paragraph 3, provide the JPLs with:
 - 4.1. Any objection to the JPLs' estimate of the value of their Variable Segregated Claims;
 - 4.2. Any further or alternative valuation of the Variable Segregated Claim(s) which the Variable Segregated Accountholder considers is more appropriate; and

- 4.3. Reasons supporting that alternative valuation, along with the legal basis for it and such evidence as the Variable Segregated Accountholder wishes to provide in support of their position.
5. Where a Variable Segregated Accountholder provides their objection in accordance with paragraph 4 above, the JPLs may:
 - 5.1. Admit that Variable Segregated Claim in respect of any revised amount claimed by the Variable Segregated Accountholder; or
 - 5.2. Require that Variable Segregated Accountholder to submit a proof of debt in respect of their claim, within a reasonable time specified by the JPLs, for adjudication by the JPLs.
6. Unless notice of objection is received by the JPLs in accordance with paragraphs 4 and 5 above, the value of the Variable Segregated Claim provided by the JPLs under paragraph 2 above shall stand as the value of that Variable Segregated Claim.
7. After valuing any Variable Segregated Claim in accordance with the process set out at paragraphs 1 to 6 above, JPLs shall be entitled to make such final or interim distributions in respect of any Variable Segregated Account to the person(s) entitled to the benefit of payment under a Policy (or their designee) as they see fit.
8. Prior to the valuation exercise above, the JPLs shall be permitted to make an interim distribution to Variable Segregated Accountholders of a proportion of the value they estimate will be due to them.
9. Where a payment cannot be made in accordance with paragraph 7 above, the JPLs shall be entitled to take such steps as they consider necessary to preserve a fund of money against which the individual entitled may claim in the future.

Miscellaneous provisions

10. Where applicable, any notification required to be given by the JPLs under this Order may take place a manner previously identified to Northstar or the JPLs as an individual's preferred means of communication.
11. For the avoidance of doubt, the JPLs shall be permitted to carry out such realisations of the assets or other property of the Segregated Accounts as may be required to enable the payment of the Variable Segregated Claims.
12. The JPLs shall have liberty to apply to the Court for permission, to the extent the same is necessary and/or has not already been permitted by the Court, to deduct further costs

or expenses in respect of work carried out on behalf of the Variable Segregated Accountholders.

13. As to the permissibility of any costs,

13.1. The JPLs' costs of the Application are permissible 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.

13.2. the reasonable costs of:

13.2.1. 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

13.2.2. The Non-JPL Party from the date of appointment up to and including the Substantive Hearing on the Issues (as such terms in these subparagraphs defined in the Court's 22 April 2025 Order)

are permitted 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.

14. Any interested party shall have liberty to apply, on notice to the JPLs, to extend the time periods set out in this Order.

15. The JPLs shall have liberty to apply on paper for any further or additional directions as may be required to address the claims of Policyholders against assets linked to a Segregated Account established for their benefit.

16. Liberty to apply.

DATED this 25 day of September, 2025.



SCHEDULE 1
PRINCIPLES FOR THE VALUATION OF THE VARIABLE SEGREGATED CLAIMS

In this Schedule 1, the following additional defined terms are used:

“Surrender” or “Surrendered”	<i>Means the situation in which a Policy is surrendered, redeemed, matures, or otherwise comes to an end in accordance with the terms of that Policy, the terms of any applicable governing instruments, or any applicable statutory provisions governing the Segregated Account</i>
“Surrender Value”	<i>The value of the assets linked to a Segregated Account net of linked liabilities and other costs and expenses (in accordance with the contractual and statutory provisions governing that Segregated Account and the priority regime under the Companies Act 1981) as at the date a Policy is Surrendered (or is deemed to have been Surrendered)</i>
“Cut-Off Valuation Date”	<i>Means 16 January 2026</i>
“Winding Up Date”	<i>26 March 2021</i>

General provisions

1. Unless the JPLs consider that such a valuation would be inappropriate in particular circumstances, the actual value or “*just estimate*” of the Variable Segregated Claims will be the Surrender Value. In calculating the Surrender Value, the JPLs shall be entitled to take into account, and make appropriate deductions for and in respect of, costs and expenses incurred or to be incurred in relation to the Segregated Account after the date a Policy has been Surrendered (or is deemed to have been Surrendered).
2. Paragraphs 3 to 5 below, which address particular factual situations, are without prejudice to the generality of the terms of paragraph 1 above.
3. If a Policy was Surrendered prior to the Winding Up Date, the value of the Variable Segregated Claim will be the Surrender Value.
4. If a Policy is or was Surrendered on or after the Winding Up Date, but before the Cut-Off Valuation Date, the value of the Variable Segregated Claim will be the Surrender Value.
5. If a Policy has not been Surrendered on or before the Cut-Off Valuation Date:

- 5.1. The JPLs shall be entitled to treat that Policy as having been Surrendered as at the Cut-Off Valuation Date;
- 5.2. The value of the Variable Segregated Claims shall be the Surrender Value as at the Cut-Off Valuation Date;
- 5.3. If, upon the realisation of assets linked to or associated with that Policy or its Segregated Account, the proceeds of that realisation are different to the Surrender Value as at the Cut-Off Valuation Date, the value of the Variable Segregated Claim shall be the actual value of the linked assets realised (less liabilities and expenses).

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Draft ORDER

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