

IN THE MATTER OF NORTHSTAR FINANCIAL SERVICES (BERMUDA) LTD (IN LIQUIDATION)
(“NORTHSTAR”)
AND IN THE MATTER OF OMNIA LTD (IN LIQUIDATION) (“OMNIA”),
TOGETHER (THE “COMPANIES”)

SUPREME COURT OF BERMUDA
COMMERCIAL COURT
2020 Nos. 304 & 305

FAQs #3 – RELATING TO THE SAC JUDGMENT

Introduction

The below set of FAQs is provided further to:

- (i) the FAQs enclosed with the letters to all policyholders and creditors dated 3 September 2021 (“**FAQs #1**”);
- (ii) the FAQs enclosed with the letters to all policyholders and creditors dated 22 February 2023 (“**FAQs #2**”, together with FAQs#1, the “**Past FAQs**”);
- (iii) the Supreme Court of Bermuda’s judgment in relation to the segregation status of each of the Companies’ accounts dated 28 July 2023 (the “**Judgment**”); and
- (iv) the JPLs’ update to policyholders and creditors in relation to the hearing of the Segregation Application and the Judgment by letter dated 31 July 2023 (the “**31 July 2023 Letter**”).

These FAQs use the same defined terms as in the Past FAQs.

By way of brief overview, as set out in further detail in the 31 July 2023 Letter:

- (i) The substantive hearing of the Segregation Application was held before the Honourable Chief Justice of the Supreme Court of Bermuda over five days from 24 April to 28 April 2023.
- (ii) At the hearing, the Chief Justice heard submissions from counsel for the JPLs and counsel for each of the Fixed, Variable and General Classes. At the end of the hearing, the Chief Justice reserved judgment.
- (iii) The Judgment was handed down by the Supreme Court of Bermuda on 28 July 2023.
- (iv) The 31 July 2023 Letter provides a summary of the Judgment. In addition, a copy of the Judgment is available on each of the Companies’ websites and is available on the Supreme Court of Bermuda’s website at <https://www.gov.bm/court-judgments>.

This FAQ document responds to various inquiries that the JPL team has received from policyholders and creditors following the distribution of the 31 July 2023 Letter.

Frequently Asked Questions

1. Who should I contact with questions about the Judgment?

In addition to these FAQs, you are encouraged to read the 31 July 2023 Letter carefully, whereby the JPLs' team sets out a summary of the Judgment and next steps.

If you have queries about the effect of the Judgment (for example, what a part of the Judgment means beyond what has been explained in the 31 July 2023 letter), then you should contact the Legal Counsel for your class. You are also free to take your own legal advice (at your own cost).

If you have queries about your investment (for example, about the type of investment that you hold), these questions should be directed to the JPLs' team at:

- **Northstar Financial Services (Bermuda) Ltd.:**

Contract Related Queries: Please contact your Advisor or the Company by e-mail at support@nfs.bm

Liquidation Queries: Please contact the JPLs by e-mail at cbcbmnfs@deloitte.com

- **Omnia Ltd.:**

Contract Related Queries: Please contact your Advisor or the Company by e-mail at support@omnia.bm

Liquidation Queries: Please contact the JPLs by e-mail at cbcmomnia@deloitte.com

2. Is there a chance of an appeal against the Judgment?

Based on the JPLs' team's calculations, the statutory deadline for any interested person to appeal the Judgment expired on 11 August 2023. However, this does not mean that there is no possibility of an appeal. The Court has a general power to direct a departure from its time limits where it is required in the interests of justice.

The JPL team are not aware of any appeal to the Judgment and policyholders and creditors will be notified in the event that any person applies for permission to appeal against the Judgment.

3. What are the next steps?

The next step is for the Court and the parties to list a hearing for the determination of matters consequential upon the Judgment, which will be attended by legal representatives for the JPLs

and for each class of creditors represented at the substantive hearing of the Segregation Application (the “**Consequential Hearing**”). At the Consequential Hearing, the Court will be asked to determine, *inter alia*, the allocation of (i) the costs of the Segregation Application and (ii) the costs of the liquidation generally.

4. When will the Consequential Hearing be?

The JPLs’ team are currently working with Class Representatives and with the Court to arrange the listing of the Consequential Hearing at the earliest opportunity. The JPLs anticipate that the Consequential Hearing will be listed to take place remotely before the end of the 2023 year.

5. What costs and fees could be applied to any distributions and how will they be applied?

As indicated at question 3 above, at the Consequential Hearing, the Court will be asked to determine the allocation of (i) the costs of the Segregation Application and (ii) the costs of the liquidation generally. Accordingly, it is not possible for the JPLs to determine the incidence of costs until receiving the Court’s judgment following the Consequential Hearing.

6. Where can I find information on the costs and fees incurred by the JPLs?

The Second Progress Report of the Joint Provisional Liquidators dated 28 March 2023 in relation to Northstar is available on Northstar’s website at www.northstarfinancialservices.bm. In relation to Northstar:

- (i) The estimated statement of affairs for the period 25 September 2020 to 24 September 2022 appears at section 2.1.1 of the report (*see also* section 2.1.3 and Appendix 1) (pages 6 – 8 and 16 – 22);
- (ii) The account of the JPLs’ receipts and payments for the period 25 September 2020 to 24 September 2022, inclusive of the JPLs’ fees and expenses, appears at section 2.1 of the report (*see also* section 2.1.3 and Appendix 1) (pages 6 – 8 and 16 – 22); and
- (iii) Further details regarding the bank accounts and financials of the Company are also included in Appendix 1.

The Second Progress Report of the Joint Provisional Liquidators dated 12 April 2023 in relation to Omnia is available on Omnia’s website www.omnialtdbr.com. In relation to Omnia:

- (i) The estimated statement of affairs for the period 25 September 2021 to 24 September 2022 appears at Appendix 2 of the report (pages 33 – 37);
- (ii) The account of the JPLs’ receipts and payments for the period 25 September 2020 to 24 September 2022 which appears at Appendix 3 (pages 38 – 41). Further details of the JPLs’ fees and expenses are set out at section 8.2 (pages 28 – 29);

- (iii) Details of the Company's bank accounts are set out at section 4.1; and
- (iv) Further details regarding the financials of the Company are set out throughout the Second Progress Report, in particular in sections 4.2 (fixed return investments), 4.3 (variable return investments), 4.4 (INHK), and 4.5 (hedge funds).

7. Is there any action that policyholders and creditors need to take?

The JPLs do not currently require any action from policyholders and creditors. The JPLs' team will continue to keep policyholders and creditors updated on the next steps in the liquidation process, including in relation to the listing of the Consequential Hearing and, in due course, information about the calling for proofs of debts and the holding of first meetings.

Should you have any further questions about any action you may wish to take in relation to the Judgment, you are free to take your own legal advice (at your own cost).

8. When will distributions take place?

It is not currently possible for the JPLs' team to confirm when distributions will be made. The making of distributions depends on a number of factors, including most significantly the Court's determination following the Consequential Hearing.

In addition, there are other technical matters that will need to be resolved before any distributions can be made, and the JPLs are working to devise a fair and efficient process for proofs of debts and distributions. You will be notified of the JPLs' progress in due course.

9. Following the Judgment, do the fixed policyholders have any other recourse?

As stated in the 31 July 2023 Letter, in relation to the fixed investors:

"the Court held that:

(a) segregated accounts had been effectively established; but

(b) with the possible exception of some reinsurance recoveries in respect of death benefits, no assets had been effectively linked to those accounts.

In a substantial proportion of cases, the JPLs anticipate that there will be no (or insufficient) assets in the relevant segregated accounts to meet the claims of fixed investors. In the event of a shortfall, fixed investors' policies do not permit them to claim against the general assets of the Company either: their claims are restricted to the segregated account, which will in many cases have no assets available to satisfy that claim."

At paragraph 224 of the Court's Judgment, the Court acknowledges that the Judgment does not mean that the fixed investors "may not pursue a claim against the general account by other

means.” In other words, it is possible that fixed investors may have a different sort of claim which they might be able to bring which would afford them recourse to the general account.

The JPL team cannot advise on whether such claims exist or the basis of any such claims, and at this time fixed investors who wish to consider whether they have any such claims are free to seek independent legal advice (at their own cost).