

IN THE MATTER OF  
HIGHLANDS INSURANCE COMPANY (U.K.) LIMITED (IN ADMINISTRATION)

FORM OF PROXY FOR VOTING PURPOSES

To be used at the meeting of Scheme Creditors (as defined in the Scheme hereinafter mentioned) ("**Scheme Meeting**") of Highlands Insurance Company (U.K.) Limited (in Administration) (the "**Company**") to be held at [•] on [•] 2011 at the time mentioned in the notice summoning the Scheme Meeting (the "**Notice**"), a copy of which is set out at Section III of the Scheme Document (as defined in the Scheme) on pages [ ] to [ ].

I/We<sup>(1)</sup> .....  
(Enter the name of the Scheme Creditor including all former names)

of<sup>(1)</sup> .....  
(Enter the address of the Scheme Creditor)

being a Scheme Creditor of the Company in the sum of<sup>(2)</sup> Currency: ..... Sum: .....

(a) <sup>(3)</sup>  will attend and vote in person at the Scheme Meeting; **OR**

(b) hereby appoint:

(i)  the chairman of the Scheme Meeting; **OR**

(ii)  .....

as my/our proxy to act for me/us at the Scheme Meeting for the purpose of considering and, if thought fit, approving (with or without modification) the scheme of arrangement referred to in the Notice (the "**Scheme**"), and at such Scheme Meeting, or any adjournment thereof, to vote for me/us and in my/our name for the Scheme or against the Scheme (either with or without modification as my/our proxy may approve) as hereinafter indicated.

If you wish your proxy to vote for the Scheme, sign in the box marked "FOR". If you wish your proxy to vote against the Scheme, sign in the box marked "AGAINST". If you wish your proxy to have discretion to vote for or against the Scheme, sign in the box marked "AT DISCRETION". You may not sign in the "AT DISCRETION" box if the chairman is your appointed proxy.

FOR the Scheme	AGAINST the Scheme	AT DISCRETION <sup>(4)</sup>
..... .....	..... .....	..... .....
Signature	Signature	Signature

**Person to contact in the event of a query in respect of this form of proxy:**

Name: <sup>(5)</sup> .....

Position/Capacity: .....

Telephone Number: .....

Email: .....

For completion by Highlands Insurance Company (U.K.) Limited (in Administration): Admitted to vote for US dollars

INSTRUCTIONS FOR COMPLETION OF THE FORM OF PROXY ARE OVERLEAF

**RETURNING THE FORM OF PROXY**

**Please return the original form of proxy, together with the claims table and supporting schedules, to the address below. Original forms of proxy and claims tables must be received by the Company by 5.00 p.m. (London time) on [•] 2011 or otherwise handed in at the registration desk at the Scheme Meeting prior to its commencement. Forms of proxy and claims tables may be initially returned by email or fax, provided that the original must also be received by the Company by the date indicated above.**

Highlands Insurance Company (U.K.) Limited (in Administration)  
c/o PRO Insurance Solutions Limited,  
Bruton Court,  
Bruton Way,  
Gloucester, GL1 1DA,  
United Kingdom

Attention: Áine Davies/Ian Leighton

By email: [pro\\_hicukhelpline@proinsurance.com](mailto:pro_hicukhelpline@proinsurance.com)

By fax: +44 (0) 1452 782 582

## **INSTRUCTIONS FOR THE COMPLETION OF THE FORM OF PROXY**

1. Enter the name and address of the Scheme Creditor in block capitals. If you are the duly authorised agent and/or attorney of a number of Scheme Creditors, complete a separate form of proxy in respect of each Scheme Creditor (photocopying the form as many times as necessary) and provide evidence (which must be satisfactory to the chairman of the Scheme Meeting) of your authority to execute the form of proxy on their behalf. Please note that where there are a number of companies within a group who are each Scheme Creditors, each company must complete a separate form of proxy, as a group submission is not permissible.
2. Enter the estimated amount of your claim against the Company for voting purposes after carefully reading these instructions and the "*Instructions for the completion of the claims table*".
3. Tick one box as appropriate. Tick box (a) if you will be attending, and voting at, the Scheme Meeting in person. Tick box (b)(i) if you will not be attending the Scheme Meeting in person and wish to appoint the chairman of the Scheme Meeting as your proxy. Tick box (b)(ii) if you will not be attending the Scheme Meeting in person and wish to appoint a person other than the chairman (whose name you should insert in the space provided) as your proxy. If you have appointed a person other than the chairman as your proxy, in order to represent you, that person must attend in person at the Scheme Meeting. That person need not be a Scheme Creditor.
4. If you have appointed the chairman of the Scheme Meeting as your proxy, you must sign either the box marked "FOR" or the box marked "AGAINST". If you sign in the box marked "AT DISCRETION", the chairman will abstain from voting on your behalf. If you do not sign in any of the boxes, this form of proxy will not operate as a valid appointment of your proxy and consequently no vote will be cast on your behalf.
5. If you are the duly authorised representative of a corporation or a partnership or other unincorporated body or person, or the duly authorised agent and/or attorney of a number of Scheme Creditors, enter your name, the capacity in which you have signed the form of proxy (for example, director, partner, agent and/or attorney) and contact details. Please note that, if you are the duly authorised representative of a number of companies, a separate form of proxy (photocopying the form as many times as necessary) should be completed in respect of each company. As mentioned in point 1 above, you must also provide evidence (which must be satisfactory to the chairman of the Scheme Meeting) of your authority to execute the form of proxy on behalf of the Scheme Creditor.

### **GENERAL NOTES**

- (A) Any alteration to the form of proxy must be initialled by the person who signs it.
- (B) If you are a Scheme Creditor and wish to vote or wish to instruct your proxy to vote in respect of the Scheme, you should complete a claims table and return it with the form of proxy. If you are a duly authorised agent and/or attorney of a number of Scheme Creditors and wish to vote or wish to instruct a proxy to vote in respect of the Scheme,

you should complete a claims table for each Scheme Creditor. The instructions for completion of the claims table accompany that form.

- (C) It is important to note that if you have an Agreed Claim, which has not yet been paid by the Company, or has only been partially paid, the value of the claim to be entered in the claims table should be the amount of your claim against the Company, which has not been paid.

**The value to be attributed to each Scheme Creditor's claim for voting purposes will be determined by the chairman of the Scheme Meeting on the basis of the information provided by the Scheme Creditor on the voting form and the information available from the Company's existing records. The chairman shall convert any claim submitted to him in a currency other than US dollars into US dollars, converted at the mid-market rate of exchange for that particular currency quoted in the Financial Times on the 1 November 2007. Account will be taken of any known set-off or security. The chairman of the Scheme Meeting may, for voting purposes only, reject a claim in whole or in part, if he considers that it does not constitute a fair and reasonable assessment of the sums owed to the Scheme Creditor by the Company. It is therefore important that Scheme Creditors complete and return a voting form and provide supporting information for their valuation of their claim to which the chairman of the Scheme Meeting may refer in assessing its reasonableness.**

**The chairman's decision as to the value for which a claim is to be admitted for voting purposes is final and binding. Where a claim is rejected in whole or in part, he will advise the Scheme Creditor of his decision, prior to the Scheme Meeting where possible or, in any event, afterwards.**

**The admission of a claim for voting purposes does not constitute an admission of the existence or amount of any liability of the Company and will not bind the Scheme Administrators, the Company or Scheme Creditors. Estimates of claims, whether by Scheme Creditors or by the chairman of the Scheme Meeting, will not be taken into account in calculating payments under the Scheme, but will be used for voting purposes only.**

**Highlands Insurance Company (U.K.) Limited (in Administration)  
(the "Company")**

**CLAIMS TABLE FOR VOTING PURPOSES**

Capitalised terms used in this form have the meaning given to them in the proposed scheme of arrangement between Highlands Insurance Company (U.K.) Limited (in Administration) and its Scheme Creditors as set out in Section II of the document dated [•] 2011 (the "**Scheme Document**"). Please complete this claims table in respect of each claim you wish to make as a Scheme Creditor following the instructions on the following pages. You should read the instructions and notes carefully. Failure to follow them may result in a claim being rejected in whole or in part for voting purposes if the chairman of the Scheme Meeting has insufficient information to decide whether it is a reasonable claim or not.

**SEE THE FOLLOWING PAGES FOR "INSTRUCTIONS FOR COMPLETING THE CLAIMS TABLE"**

No estimate of the amount of any claim against the Company specified in the claims table returned to the Company, or otherwise provided for voting purposes, shall be admissible against the Company or any other party, or shall be taken into account in calculating payments under the Scheme. Any such estimate shall only be used for voting purposes at the Scheme Meeting to consider the Scheme.

Please complete a separate claims table for each currency. Use photocopied pages as required.

**Creditor Name**

**Currency**

	Contract 1	Contract 2	Contract 3
(1) Reinsurance Contract reference number or description of how claim arises			
(2) Contract description/Type of business			
(3) Participation percentage (%)			
(4) Inception date/Expiry date			
(5) Broker			
(6) Broker reference			
(7) Agreed Claims			
(8) Notified Outstanding Claims			
(9) IBNR Claims			
(10) Other Claims			
(11) Realised Security Interests or any other counterclaims			
(12) Total (7+8+9+10-11)			
(13) Total of row 11			

**TO BE SIGNED BY CREDITOR:**

To the best of my knowledge and belief the information on this claims table is correct.

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Position/Capacity: \_\_\_\_\_

For and on behalf of: (Scheme Creditor Name) \_\_\_\_\_

Date: \_\_\_\_\_

For completion by the Company: Admitted to vote for US dollars

**RETURNING THE FORM OF PROXY AND CLAIMS TABLE**

**Please return the original claims table, together with the form of proxy and supporting schedules, to the address below. Original forms of proxy and claims tables must be received by the Company by 5.00 p.m. (London time) on [•] 2011 or otherwise handed in at the registration desk at the Scheme Meeting prior to its commencement. Forms of proxy and claims tables may be initially returned by email or fax, provided that the original must also be received by the Company by the date indicated above.**

Highlands Insurance Company (U.K.) Limited (in Administration)

c/o PRO Insurance Solutions Limited,

Bruton Court,

Bruton Way,

Gloucester, GL1 1DA,

United Kingdom

Attention: Áine Davies/Ian Leighton

By email: [pro\\_hicukhelpline@proinsurance.com](mailto:pro_hicukhelpline@proinsurance.com)

By fax: +44 (0) 1452 782 582

**INSTRUCTIONS FOR COMPLETION OF THE  
CLAIMS TABLE FOR VOTING PURPOSES**

**Where not otherwise defined, the terms used within these instructions and in the claims table bear the same meanings as given to them in the Scheme. For the avoidance of doubt, in these instructions and the claims table, the term "Reinsurance Contract" only refers to a contract of reinsurance or retrocession and not to a direct contract of insurance.**

The numbers below refer to the numbered rows in the claims table. If you have claims in more than one currency, please photocopy the table and use a separate table for each currency, specifying in the box provided the relevant currency (for example, US dollars). If there are insufficient lines for any one currency, please photocopy the table and complete the photocopy.

**1. REINSURANCE CONTRACT REFERENCE NUMBER OR DESCRIPTION OF HOW CLAIM ARISES**

Please specify each Reinsurance Contract reference number under which each of your claims may arise against the Company and provide a copy of the contract schedule or cover note and the schedule of insurers with details of each claim in supporting schedules (where applicable). Your broker will be able to assist in confirming or identifying Reinsurance Contracts and reference numbers. Please then insert the Reinsurance Contract reference numbers on the claims table using a separate line for each.

If your claim is a Non-insurance Claim, please describe how your claim arises. If relevant please describe any relevant contract.

**2. CONTRACT DESCRIPTION/TYPE OF BUSINESS**

If relevant, please specify the contract description on the face of the Reinsurance Contract and the type of business covered by the Reinsurance Contract.

**3. PARTICIPATION PERCENTAGE**

The participation percentage for each Reinsurance Contract represents the percentage line underwritten or assumed by the Company under the Reinsurance Contract. If relevant, please insert the percentage line for each Reinsurance Contract (and the value of each of your claims against the Company should be apportioned accordingly when completing rows (8), (9) and (10)).

**4. INCEPTION DATE/EXPIRY DATE**

If relevant, please specify the date when each Reinsurance Contract commenced and the date when each Reinsurance Contract expired. In the case of continuous Reinsurance Contracts or Reinsurance Contracts of more than 12 months, each annual renewal should be shown as a separate Insurance Contract.

**5. BROKER**

If relevant, please specify the name of the broker who placed the Reinsurance Contract or, if the placing broker is not known, any other broker or intermediary (if known) who acted on

your behalf in relation to the Reinsurance Contract. Please specify any other details known in relation to the broker.

6. **BROKER REFERENCE**

If relevant, please specify the broker's contract reference for each Reinsurance Contract.

7. **AGREED CLAIMS**

Specify the total amount payable by the Company in respect of a claim arising under or in respect of a Reinsurance Contract or any other relevant contract where the existence and quantum of the Liability have been agreed between the Scheme Creditor and the Company, according to the Company's records or such other evidence as the Scheme Administrators may reasonably accept, but such Liability has not yet been paid by or on behalf of the Company.

8. **NOTIFIED OUTSTANDING CLAIMS**

If relevant, please specify the total estimated amount, as at 31 December 2010, payable by the Company in respect of a loss under a Reinsurance Creditor that has been reported to the Scheme Creditor but exclude any Agreed Claim.

9. **IBNR CLAIMS**

If relevant, please specify the total estimated amount, as at 31 December 2010, payable by the Company, in respect of a loss under a Reinsurance Contract which has been incurred but has not been reported to the Scheme Creditor plus the amount payable in respect of a general excess over Notified Outstanding Claims, to the extent that the current estimates of claims included as Notified Outstanding Claims may prove to be inadequate. In estimating the value of its IBNR Claims, a Scheme Creditor should:

- (a) include any losses notified to the Scheme Creditor after 31 December 2010 (such notified losses to nevertheless comprise part of its IBNR Claims); but
- (b) exclude any Post-Administration Agreed Claims.

10. **OTHER CLAIMS**

If your claim is a Non-insurance Claim, please specify the total estimated amount payable by the Company in respect of such Non-insurance Claim, whether such claim is actual, contingent or prospective. However, please exclude any Agreed Claim.

11. **REALISED SECURITY INTERESTS OR ANY OTHER COUNTERCLAIMS**

Please specify in brackets the amount of any set-off or cross-claim that you believe exists in relation to each Reinsurance Contract under each claim and which is available in respect of such claim(s) or any other balance due from you to the Company arising other than under a Reinsurance Contract. Please provide an analysis of the amount and provide any supporting documentation. In addition, please include the amount of any Security Interest that has been realised in relation to each Reinsurance Contract under each claim.

12. **TOTAL**

Enter the net total of rows (7) to (10) inclusive but less the amount specified in row (11).

13. **TOTAL OF ROW (12)**

Enter the total sum of all row (12) amounts where indicated.

**Please ensure that you sign the declaration on the claims table and complete the relevant contact details for the Scheme Creditor. The chairman of the Scheme Meeting will not accept the claims table unless the declaration has been signed.**

**If you have any queries please contact the Company on the following helpline number:  
+44 (0) 1452 413 985.**

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