

**Dated 1 September 2006**

**THE SCHEME CREDITORS**

**in favour of**

**THE RELEASED PARTIES**

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**DEED OF RELEASE**

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**THIS DEED** is made the 1 day of September 2006

**BY:**

- (1) **EACH SCHEME CREDITOR** of the Company, acting by any one of the Liquidators, acting as agent pursuant to the authority conferred upon the Liquidators by the Scheme Creditors under Clause 9.4.3 of the Scheme,

in favour of:

- (2) **THE RELEASED PARTIES**, as defined in Clauses 9.4.1 and 9.4.5 of the Scheme.

**WHEREAS:**

Pursuant to Clause 9.4.3 of the amended and restated scheme of arrangement (the "Scheme") proposed in relation to the Company pursuant to Section 99 of the Bermudian Companies Act 1981 and Section 425 of the Companies Act 1985 of Great Britain, which Scheme became effective on 25 June 2004 each Scheme Creditor has authorised any one of the Liquidators to enter into and execute and deliver this Deed on its behalf following the Substantive Closure Date, which was determined by the Liquidators to be 24 March 2006.

**IT IS AGREED** as follows:

1. **INTERPRETATION**

- 1.1 Terms defined in the Scheme shall have the same meaning in this Deed. The term "Company", as used in this Deed, shall mean Bermuda Fire & Marine Insurance Company Limited (in liquidation).
- 1.2 In this Deed, unless the context otherwise requires or expressly provides:
- (a) references to any Clause, without further designation, unless the context otherwise requires, shall be construed as a reference to the Clause of this Deed so numbered;
  - (b) section headings, the front cover of this Deed and the headings are for convenience only and shall not be taken into account in the interpretation of this Deed;
  - (c) reference to any Act, statute or statutory provision shall include a reference to that provision as amended, re-enacted or replaced from time to time whether before or after the date of this Deed and any former statutory provision replaced (with or without modification) by the provision referred to;
  - (d) words importing the plural shall include the singular and vice versa; and
  - (e) references to a person includes a reference to any body corporate, unincorporated association or partnership and to that person's legal personal representatives or successors.
  - (f) for the avoidance of doubt, a person who at any time is treated under any provision of the Scheme as a Scheme Creditor shall be bound by the releases in

Clauses 2.1 of this Deed and 9.4 of the Scheme notwithstanding that he shall have become an Offset Scheme Creditor under Clauses 8.4.37 to 8.4.42 of the Scheme.

**2. RELEASES**

2.1 In consideration of the payment of £1 (receipt of which is hereby acknowledged), the Liquidator who executes this Deed on behalf of the Scheme Creditors and each of them pursuant to the authority conferred on him by Clause 9.4.3 of the Scheme, hereby releases on behalf of such Scheme Creditors:

2.1.1 the Released Parties absolutely and unconditionally from any claims that the Scheme Creditors (or any of them) have or may have howsoever attaching to any such Released Party, save those notified in writing to the Liquidators before the Substantive Closure Distribution Date pursuant to Clause 9.4.1 of the Scheme:

(a) in respect of any loss or liability relating to or arising out of any act done or omitted to be done in the course of or in connection with the preparation, implementation, administration and operation of the Original Scheme, the Amending Scheme and the Scheme; and

(b) in respect of the exercise by any Released Party of any power, right, duty or obligation conferred upon that Released Party under the Original Scheme, the Amending Scheme and the Scheme; and

2.1.2 the existing and former members of the Informal Creditors' Committee and the Committee of Inspection absolutely and unconditionally from any claims that the Scheme Creditors (or any of them) have or may have howsoever attaching to any such persons, save those notified in writing to the Liquidators before the Substantive Closure Distribution Date pursuant to Clause 9.4.1 of the Scheme:

(a) in respect of any loss or liability relating to or arising out of the liquidation of the Company and their role as members of the committee of inspection established by or pursuant to the authority of the Bermudian Court in such liquidation; and

(b) in respect of the exercise by any such person of any power, right, duty or obligation conferred upon that person thereunder,

in each case howsoever or wheresoever caused and whether any such claims are attributable to that Released Party's negligence, default, breach of duty or breach of trust (but not fraud or dishonesty) to the intent and effect that such releases shall operate in favour of and be enforceable by all or any Released Party.

2.2 For the avoidance of doubt the releases conferred under Clause 2.1 shall be conferred on, in the case of Clause 2.1.1, any Released Party (as defined in Clause 9.4.1, and as extended by Clause 9.4.5, of the Scheme) and, in the case of Clause 2.1.2, any existing or former member of the Informal Creditors' Committee or the Committee of Inspection (the definitions of which are each extended by Clause 9.4.5 of the Scheme) whether or not such a party is specifically named as a party to or executes this Deed.

3. **FURTHER ASSURANCE**

The Company shall at its own cost do and execute or procure to be done and executed all necessary acts, deeds, documents and things reasonably within its power to give effect to this Deed.

4. **CONFLICT**

This Deed is expressly intended to supplement the Scheme in relation to the releases to be given by Scheme Creditors to Released Parties. If at any time there shall be any conflict between the provisions of this Deed and the provisions of the Scheme, the provisions of this Deed shall prevail.

5. **THIRD PARTIES**

If the Liquidators are determined not to be duly authorised to act as agent of the Scheme Creditors or if the agency of the Liquidators is otherwise terminated or retrospectively or prospectively declared invalid for any reason, the provisions of this Deed shall continue to operate and take effect as though the Liquidators were so duly authorised.

6. **LIQUIDATORS**

6.1 This Deed is entered into by the Liquidator who executes it as agent on behalf of the Scheme Creditors and each of them pursuant to the authority conferred upon that Liquidator under Clause 9.4.3 of the Scheme.

6.2 The Liquidators shall incur no personal liability, either by entering into this Deed or their acting in any capacity referred to herein. Nothing in this Deed shall operate to restrict or affect in any way any right of the Liquidators to an indemnity or assurance to which by law they are entitled.

7. **ASSIGNMENT**

This Deed shall not be assignable.

8. **GOVERNING LAW**

This Deed shall be governed by and construed in accordance with English law. The parties hereby agree that the English Court shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute which may arise out of this Deed.

IN WITNESS of which this Deed has been duly executed and delivered on the date first appearing on this Deed.

**EXECUTED AND DELIVERED** as )  
a deed by each of the **SCHEME** )  
**CREDITORS** acting by a Liquidator acting )  
as agent pursuant to the authority conferred )  
on the Liquidators by the Scheme Creditors )  
pursuant to Clause 9.4.3 of the Scheme )  
in the presence of:

*Guinevere Hill*

Signature of Witness: *MA*

Name of Witness: Mark Adams

Address of Witness: 1 More London Place, London SE1

Occupation of Witness: Chartered Accountant