

## FOR THE ATTENTION OF THE FINANCE DIRECTOR

Date 1<sup>st</sup> October 2008

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Fax:

Dear Policyholder

### **Proposed intra-group transfer of our general insurance and reinsurance business effected and/or carried out by Munich Re America, UK Branch, in the United Kingdom to Great Lakes Reinsurance (UK) PLC ("Great Lakes")**

We are writing to you to provide you with details of important changes in respect of the insurance or reinsurance policy or policies (the "**Policy/Policies**") which our records show you hold with Munich Re America, and which are listed in the attached schedule to this letter.

#### **Introduction**

Munich Re America (formerly American Re-Insurance Company), UK Branch ceased to write new business in its general insurance and reinsurance portfolio (the "**Portfolio**") in December 2003. All business comprised in the Portfolio has reached the end of its policy term and the Portfolio has been in run-off since December 2003.

It has been decided, as part of a group rationalisation, to transfer the Portfolio to Great Lakes to enable Munich Re America to close its UK branch in the first half of 2009. Great Lakes conducts general insurance and reinsurance business of a similar nature to the Portfolio.

Both Munich Re America and Great Lakes are wholly owned subsidiaries of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München ("**Munich Re**"), their ultimate parent company.

Great Lakes will reinsure its liabilities under the Portfolio 100 per cent. to its parent Munich Re, and thus the security of your Policy/Policies will also benefit from the financial strength of Munich Re which is one of the largest reinsurers in the world.

The formal transfer of the Portfolio from Munich Re America to Great Lakes will be effected by means of an insurance business transfer scheme (the "**Scheme**") under Part VII of the Financial Services and Markets Act 2000 ("**FSMA**"). In order for the Scheme to become effective, the sanction of the High Court of Justice in England (the "**Court**") must be obtained. The formal Court hearing is currently expected to take place on 16 December 2008. If the Court approves the Scheme, it will issue a formal order transferring the policies comprising the Portfolio, without alteration, from Munich Re America to Great Lakes. It is proposed that the Scheme shall take effect on or about 31 December 2008.

From the date the Scheme becomes effective, Great Lakes will be the insurer or reinsurer of your Policy/Policies, in place of Munich Re America. Great Lakes will be wholly responsible for all obligations to you under the Policy/Policies. All claims relating to your Policy/Policies currently being dealt with by or on behalf of Munich Re America will, after the proposed transfer, be handled by or on behalf of Great Lakes. Future claims arising under your Policy/Policies will be similarly dealt with by or against Great Lakes. The proposed transfer will secure the continuation by or against Great Lakes of any legal proceedings by or against Munich Re America that relate to the rights and obligations of Munich Re America in respect of the Portfolio.

Munich Re America and Great Lakes are working together to ensure an efficient and seamless transition. We expect the Court to order the transfer of Munich Re America's existing claims handling agreements with third party claims handlers to Great Lakes and Great Lakes will in turn pass the day to day administration to group company Munich Re General Services Limited with whom it already has in place an outsourcing agreement to handle claims on its own behalf and to manage claims handling through existing third party administrators. Existing third party administrators will continue to provide such administration services in respect of the Portfolio after the Scheme takes effect so you should see little change in the way your claims are administered.

## **The Transfer**

Under the Scheme the policies comprising the Portfolio, including your Policy/Policies, together with such assets necessary to match the liabilities under the transferring policies, will transfer to Great Lakes. The terms of the Scheme are summarised in the "Scheme Summary" which is available free of charge upon request and on our website [www.munichreamerica.com](http://www.munichreamerica.com) and on the Great Lakes website [www.greatlakes.co.uk](http://www.greatlakes.co.uk). Please see the section entitled "More Information" below should you require a copy of the Scheme Summary.

The transfer under the Scheme will have no effect on: (i) the terms of your cover; or (ii) any claim which you have made or may make under your Policy/Policies.

## Report of the Independent Expert

Before the Court can approve an insurance business transfer scheme under FSMA, an independent expert is required, pursuant to section 109 of FSMA, to report on the effects of the Scheme on policyholders. Mr. Fred Duncan of PricewaterhouseCoopers, Fellow of the Institute of Actuaries, was appointed by Munich Re America and Great Lakes to provide such a report (the "**Report**") as an independent expert (the "**Independent Expert**") and this appointment was approved by the Financial Services Authority. Mr. Fred Duncan has prepared the Report wherein he concludes that no relevant policyholders of Munich Re America and Great Lakes (or third parties who rely on their policies) would be materially affected by the transfer under the Scheme.

The Independent Expert also considered the companies' plans for the administration of the Policies comprised in the Portfolio, and does not anticipate any material change in the level of service provided to affected policyholders as a result of the Scheme.

A summary of the Report is included in the Scheme Summary and is available free of charge upon request and on our website. Please see the section entitled "*More Information*" below should you require a copy of the Report or the Scheme Summary.

## Action Required

**You will not be required to take any action in respect of the transfer.** However, should you require further information please see the section entitled "*More Information*" below.

If you believe that you would be adversely affected by the proposed transfer, you have the right under FSMA to make written representations and/or to appear at the Court hearing which is currently scheduled to take place on or about 16 December 2008 at the Royal Courts of Justice, Strand, London, WC2A 2LL.

If you intend to appear at the Court hearing, either in person or by counsel, or you dissent from the Scheme but do not intend to appear at the Court hearing, you are asked to provide no less than 14 clear day's prior written notice of your intention and details of your concerns. This should be sent to Cheng-Li Yow at Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ, quoting the reference CMS/CLY/70-40046261.

### **More information**

If you would like any further information or would like to request a copy of the Report or the Scheme Summary, or if you have any comments or questions about the Scheme, you can contact Patricia Natus by telephone on +44 (20) 3003 7149 (between 10:00am and 4:00pm) or in writing at Plantation Place, 30 Fenchurch Street, London EC3M 3AJ. Copies of the Report and the Scheme Summary are also available on our website [www.munichreamerica.com](http://www.munichreamerica.com) and on the Great Lakes website [www.greatlakes.co.uk](http://www.greatlakes.co.uk).

After the Court hearing, we do not intend to send further correspondence to you regarding this transfer. However, we aim to make available on the websites and will place in one national newspaper confirmation that the Scheme has been approved by the Court.

Yours sincerely

Geoffrey Savage  
Vice President  
For and on behalf of  
**Munich Reinsurance America, Inc.**