



GRANTED

EFiled: Mar 26 2024 09:38AM EDT
Transaction ID 72604513
Case No. 2019-0175-JTL



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN THE MATTER OF THE LIQUIDATION :
OF SCOTTISH RE (U.S.), INC. : C.A. 2019-0175-JTL
: _____ :
:

**ORDER TO SHOW CAUSE CONCERNING THE RECEIVER’S
VERIFIED MOTION TO APPROVE THE
CEDENT REINSURANCE CLAIMS PROCEDURES**

**PLEASE READ THIS ORDER CAREFULLY AS IT MIGHT AFFECT
YOUR RIGHTS CONCERNING SCOTTISH RE (U.S.), INC. (“SRUS”). IF
YOU DO NOT FILE A TIMELY RESPONSE TO THE RECEIVER’S MOTION
FOLLOWING THE INSTRUCTIONS IN THIS ORDER, ANY OBJECTION
TO OR COMMENTS YOU HAVE CONCERNING THE RELIEF SOUGHT BY
THE RECEIVER OF SRUS WILL BE DEEMED WAIVED AND THE COURT
WILL GRANT THE RECEIVER’S MOTION AND THE RELIEF SOUGHT
THEREIN. (If you have no objection or comment concerning the Motion
or the relief sought therein, you do not need to take any further action
in response to this Order to Show Cause.)**

WHEREAS, pursuant to 18 Del. C. §5902(a), the Honorable Trinidad Navarro, Insurance Commissioner of the State of Delaware (the “Commissioner”) in his capacity as the Receiver (“Receiver”) of Scottish Re (U.S.), Inc. in Liquidation (“SRUS”), has moved (the “Motion to Approve”) for approval of a cedent reinsurance claims process related to claims arising on or before September 30, 2023;

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

OBJECTION DEADLINE

1. **ANY INTERESTED PARTY WHO HAS AN OBJECTION TO THE RECEIVER'S MOTION TO APPROVE MUST FILE THEIR OBJECTION UNDER THE PROCEDURES SET FORTH IN THIS ORDER ON OR BEFORE WEDNESDAY, APRIL 24, 2024 (THE "OBJECTION DEADLINE"). ANY INTERESTED PARTY WHO OBJECTS TO THE RECEIVER'S MOTION TO APPROVE MUST ADVISE THE COURT OF THEIR OBJECTION TO THE RECEIVER'S MOTION TO APPROVE AND THE GENERAL BASIS FOR THEIR OBJECTION SO THAT SUCH OBJECTION IS RECEIVED BY THE COURT AND THE RECEIVER'S COUNSEL ON OR BEFORE THE FOREGOING OBJECTION DEADLINE. ANY INTERESTED PARTY WHO FAILS TO NOTIFY THE COURT OF THEIR OBJECTION TO THE RECEIVER'S MOTION TO APPROVE BY THE OBJECTION DEADLINE WILL BE DEEMED TO HAVE WAIVED ANY RIGHT TO A COURT REVIEW OF AND TO HAVE ABANDONED ANY OBJECTION TO THE RECEIVER'S MOTION TO APPROVE. ANY INTERESTED PARTY WHO OBJECTS TO THE MOTION TO APPROVE SHALL MEET AND CONFER IN ACCORDANCE WITH THE SCHEDULING ORDER ENTERED ON FEBRUARY 27, 2024 [D.I. 838], AND**

SHALL BE REQUIRED TO ATTEND A HEARING TO PRESENT THEIR OBJECTION.

OBJECTION PROCEDURE

2. Any objection must be filed in writing on or before the Objection Deadline by Delaware counsel through electronic service as required by the Court’s Rules or by unrepresented individuals with the Court at the Court's address at:

Register in Chancery
Court of Chancery of the State of Delaware
New Castle County Courthouse
500 North King Street
Wilmington, DE 19801

and shall include the following information:

- a. The caption of these proceedings:

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN THE MATTER OF THE LIQUIDATION :
OF SCOTTISH RE (U.S.), INC. : C.A. 2019-1075-JTL
_____ :

- b. the nature of the document being filed (*e.g.*, Objection to the Motion to Approve);
- c. the name, address, and telephone number of the person filing the document;
- d. the date the document is being filed; and
- e. the grounds for such party’s objection to the Motion to Approve and the relief sought therein.

Please note that corporations and other entities are required to be represented by Delaware counsel to appear before the Court.

A HEARING WILL BE HELD ONLY IF NECESSARY

3. A hearing on the Motion to Approve will be scheduled only if there are any objections filed on or before the Objection Deadline set forth in Paragraph 1 above.

NOTICE OF THIS ORDER TO SHOW CAUSE

4. Within five (5) business days of receipt of this signed Order to Show Cause, the Receiver shall (i) serve copies of this Order to Show Cause, the Motion to Approve, and the proposed form of Order to grant the Motion to Approve, by U.S. first class mail on all known creditors of SRUS, and (ii) post the Order to Show Cause, the Motion to Approve, and the proposed form of Order to grant the Motion to Approve on the website maintained for the SRUS liquidation (https://insurance.delaware.gov/divisions/rehab_bureau/rehab_bureau_scottishreus inc/).

SO ORDERED this _____ day of _____, 2024.

Vice Chancellor J. Travis Laster

This document constitutes a ruling of the court and should be treated as such.

Court: DE Court of Chancery Civil Action

Judge: J Travis Laster

File & Serve

Transaction ID: 72604229

Current Date: Mar 26, 2024

Case Number: 2019-0175-JTL

Case Name: CONF ORDER - IN THE MATTER OF THE LIQUIDATION OF SCOTTISH RE (U.S.),
INC.

Court Authorizer: J Travis Laster

/s/ Judge J Travis Laster



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN THE MATTER OF THE LIQUIDATION :
OF SCOTTISH RE (U.S.), INC. : C.A. 2019-0175-JTL
: _____ :
:

**RECEIVER'S VERIFIED MOTION TO APPROVE THE
RECEIVER'S PROCEDURES FOR CEDENT REINSURANCE CLAIMS
AND TO ESTABLISH BAR DATE**

The Honorable Trinidad Navarro, Insurance Commissioner of the State of Delaware, (the "Commissioner") in his capacity as the Receiver (the "Receiver") of Scottish Re (U.S.), Inc., in Liquidation ("SRUS"), hereby moves (the "Motion") this Honorable Court pursuant to 18 *Del. C.* § 5902, for an Order Approving the Receiver's Procedures for Cedent Reinsurance Claims and to Establish a Bar Date (a copy of the Procedures with Exhibits is attached hereto as Exhibit "1"). In support of this Motion, the Receiver states the following:

I. INTRODUCTION

This Motion is to approve the process set forth in the Receiver's Procedures for Cedent Reinsurance Claims and to Establish a Bar Date for such claims (the "Cedent Reinsurance Claims Procedures" or the "Procedures").

This Motion is one of two contemporaneously filed motions seeking approval of the process set forth in the Procedures governing the Proof of Claim process. Both generally set forth the requirements for those filing a Proof of Claim, and specify what information is required under 18 *Del. C.* § 5917(a), as well as setting bar dates for such claims pursuant to § 5929.¹ Two forthcoming motions seeking approval of

¹ References to sections are to sections of Title 59 to Chapter 18 of the Delaware Code.

additional procedures will govern, respectively, the process for determining disputed claims, as well as the final hearing process, pursuant to § 5917(c)-(d).

The instant Motion relates solely to claims by SRUS's Cedents (i.e. insurers who have ceded some or all of its risks to policyholders to SRUS as reinsurer) for amounts based upon a death, or other covered action that occurred up until 11:59 p.m. on September 30, 2023 or for other contract payments such as commissions, fees or expenses that accrued or were payable during this time period that remained unpaid. This is primarily those claims unpaid during the period of SRUS's rehabilitation.

II. RELEVANT BACKGROUND

A. The Delinquency Proceedings of SRUS

1. On March 6, 2019, this Honorable Court entered the Rehabilitation and Injunction Order in this matter (the "Rehabilitation Order"). The Rehabilitation Order, *inter alia* and consistent with 18 *Del. C. ch.* 59 of the Delaware Insurance Code (Delaware's version of the Uniform Insurer's Liquidation Act (the "DUILA"),² found that: SRUS was impaired and in an unsound condition; placed SRUS into rehabilitation; and appointed the Commissioner as the Receiver. Rehabilitation Order (D.I. 18).

2. On July 18, 2023, SRUS was determined to be insolvent and placed into

² Although all of Title 18, Chapter 59, of the Delaware code is devoted to insurance delinquency regulation, technically only Sections 5901(2)-(13), 5902, 5903, and 5913–5920 form the DUILA. *See* 18 *Del. C.* § 5920(a); *In re Liquidation of Freestone Ins. Co.*, 143 A.3d 1234, 1243 at n. 5 (Del. Ch. 2016).

liquidation by a Liquidation and Injunction Order, which continued the appointment of the Commissioner as Receiver. (the “Liquidation Order”) (D.I. 799).

3. At that time, SRUS was a Delaware domiciled and licensed life and health reinsurer.

4. SRUS had no policyholders. Instead, SRUS’s primary business was exclusively reinsurance of business written by other insurance companies (collectively, the “Cedents”), which business was primarily policies of life insurance.

5. In 2008, SRUS ceased writing new business and notified existing counterparties that new reinsurance risks would no longer be accepted under existing reinsurance treaties, thereby placing the reinsurance business into runoff.

6. The causes of, and the bases for, the liquidation of SRUS are well documented in: (a) the Petition for the Entry of a Rehabilitation and Injunction Order filed in the Delaware Chancery Court on March 1, 2019; and (b) the Petition for Entry of a Liquidation and Injunction Order with Bar Date filed in the Delaware Chancery Court on July 14, 2023.

7. Because SRUS itself had no policyholders, state insurance guaranty associations are not involved in the liquidation of SRUS. *See, e.g.,* 18 *Del. C.* § 4205(6)(b) (Delaware Insurance Guaranty Act excluding reinsurance claims from definition of “covered claim”).

8. The Liquidation Order dictated that after 11:59 p.m. on September 30, 2023, all SRUS reinsurance contracts that still remained in force were deemed cancelled. Liquidation Order, ¶ 20(a).

II. THE CLAIMS PROCESS UNDER THE DUILA

9. Under the DUILA:

[T]he chief insurance regulator in the domiciliary state oversees the liquidation process. Only the regulator can initiate liquidation proceedings in the domiciliary state. Once a court has placed the insurer in liquidation, the regulator takes charge of the insurer's operations and marshals its assets. The regulator also manages a statutory process for receiving, evaluating, and paying claims (the "Claims Process"

In re Liquidation of Freestone Ins. Co.., 143 A.3d 1234, 1235 (Del. Ch. 2016).

10. In order to implement the orderly, expeditious, and equitable resolution of all claims against the insolvent insurer, Delaware, like other states, has established a Proof of Claims Process ("POC Process"). *See, e.g. Cohen v. State*, 89 A.3d 65, 94 n.128 (Del.2014).

11. The POC Process is outlined generally by Sections 5911(a), 5915-19, 5922, and 5924-29 of the DUILA, which allow for the determination of the priority class and amount of claims against insurers in liquidation, such as SRUS.

12. The form of claims, notice and hearing for claims is provided by 18 *Del. C. § 5917*, which provides:

(a) All claims against an insurer against which delinquency proceedings have been begun shall set forth in reasonable detail the amount of the claim or the basis upon which such amount can be ascertained, the facts upon which the claim is based and the priorities asserted, if any. All such claims shall be verified by the affidavit of the claimant or someone authorized to act on the claimant's behalf and having knowledge of the facts and shall be supported by such documents as may be material thereto.

(b) All claims filed in this State shall be filed with the receiver, whether domiciliary or ancillary, in this State on or before the last date for filing as specified in this chapter.

(c) Within 10 days of the receipt of any claim or within such further period as the court may fix for good cause shown, the receiver shall report the claim to the court, specifying in such report the receiver's recommendation with respect to the action to be taken thereon. Upon receipt of such report, the court shall fix a time for hearing the claim and shall direct that the claimant or the receiver, as the court shall specify, shall give such notice as the court shall determine to such persons as shall appear to the court to be interested therein. All such notices shall specify the time and place of the hearing and shall concisely state the amount and nature of the claim, the priorities asserted, if any, and the recommendation of the receiver with reference thereto.

(d) At the hearing, all persons interested shall be entitled to appear and the court shall enter an order allowing, allowing in part, or disallowing the claim. Any such order shall be deemed to be an appealable order.

13. Outside the broad directive that claims be set forth in “reasonable detail,” be verified by affidavit and supported by “material” documents, and be filed by the bar date, § 5917 leaves the format of the claim reporting and evaluation process to the Receiver’s discretion.

14. The DUILA contemplates that the Receiver is at the center of the POC Process and that the Court does not resolve claims in the first instance. *Freestone*, 143 A.3d at 1245.

15. Instead, the initial step in the process is for the Receiver to make a recommendation to the Court regarding a claim. Only then does the Court entertain it and rule on it. *Freestone, Id.* at 1246 (citing 18 *Del. C.* § 5917(c) & (d)).

III. RECEIVER’S CEDENT REINSURANCE CLAIMS PROCEDURES

16. In insurance insolvency proceedings, the Proof of Claim process is generally tailored by the Receiver for the specific lines of insurance and circumstances of an insolvent insurer (*See* Exhibit 2, Affidavit of Michael Johnson

(“Johnson Aff.”), at ¶ 6).

17. However, Delaware insurance insolvency Receivers customarily submit the Proof of Claim Forms to the Court for approval (Ex. 2, Johnson Aff. at ¶ 7).³

18. In addition, where the circumstances of the insolvency warrant it, Delaware Receivers have applied to the Court to approve specific procedures⁴ (Ex. 2, Johnson Aff. at ¶ 8).

19. The Receiver has determined that the circumstances of the insolvency of SRUS warrant certain specific procedures as there is no coverage of reinsurance claims by guaranty funds, all of the Cedent claimants are sophisticated insurance companies, and the Cedent Reinsurance Claims are easily calculable and mostly undisputed, and many other claims would benefit from a uniform method of calculation made known to all claimant’s beforehand (Ex. 2, Johnson Aff. at ¶¶ 9-13).

20. These Procedures are designed to quickly identify and resolve these easily calculable undisputed claims that arose during the rehabilitation, and to identify disputed claims and funnel them to the forthcoming dispute resolution procedures (Ex. 2, Johnson Aff. at ¶¶ 11-12).

21. In addition to allowing for the orderly, expeditious, and equitable

³ See, e.g. *In re Liquidation of Freestone*, C.A. No. 9574-VCL (Del. Ch.), D.I. 28).

⁴ See, e.g. *In re Liquidation of Indemnity Ins. Corp. RRG*, C.A. No. 8601-VCZ (Del. Ch.), D.I. 726 (Petition for Approval of Proof of Claim Process in an insolvency of a captive insurance company which was not subject to guaranty funds and which had approximately 3,000 claims needing to be determined by the Court).

resolution of Cedent Reinsurance Claims, these procedures will, inter alia, allow for the expeditious collection by SRUS of undisputed amounts due from its own reinsurers (Ex. 2, Johnson Aff. at ¶ 14).

22. The Receiver has determined that the Procedures are fair to SRUS and its claimants and creditors, and are in the best interests of SRUS's Estate, its claimants, and the general public (Ex. 2, Johnson Aff. at ¶ 17).

23. Because SRUS reinsures life policies written by insurers, the overwhelming majority of claims in this Liquidation will be from life insurers or reinsurers that have claims related to reinsurance contracts with SRUS. The Procedures are designed to exclusively address claims for covered incidents that occurred prior to the Liquidation Order's cancellation date of SRUS's reinsurance contracts.

24. The Cedent Reinsurance Claims Procedures sets forth the process by which the Receiver will determine the priority and value of Cedent Reinsurance Claims filed by a Cedent against SRUS that arise from rights, duties and obligations under a Reinsurance Agreement and seeking damages for unpaid losses, fees, expenses, or similar payments due based on circumstances occurring on or before September 30, 2023.

25. All claims contemplated by the Cedent Reinsurance Claims Procedures are the result of a claim from a cedent based upon a death or other covered action that occurred up until 11:59 p.m. on September 30, 2023.

26. The vast majority of such claims will be amounts which became due to

Cedents during the Rehabilitation of SRUS based on payments the Cedents made on the underlying policies reinsured by SRUS (to the extent not offset by premiums owed to SRUS).

27. These claims are generally easily calculable, and most are not subject to dispute.

28. The Receiver has identified a small number of Cedent groups⁵ with which it has disputes concerning Cedent Reinsurance Claims.

29. Cedent Reinsurance Claims constitute the largest category of claims against the Estate. The Cedent Reinsurance Claims Procedures leverage the straightforward nature of Cedent Reinsurance Claims to streamline and expedite the Proof of Claim process and to ensure the orderly, expeditious, and equitable resolution of such Claims.

30. The expeditious identification and resolution of undisputed amounts from Cedents will also expedite and minimize disputes regarding SRUS's collection of reinsurance proceeds from its retrocessionaires.

31. Under the Cedent Reinsurance Claims Procedures, the Receiver will identify to each Cedent the undisputed amount due for Cedent Reinsurance Claims based upon SRUS's financial records. The Cedent is required to either accept the Receiver's amount, or, alternatively dispute it in which case the Cedent must provide the Receiver with sufficient information and documents to support the Cedent's

⁵ Each group may contain more than one entity. Claims are filed on an entity basis, rather than a group basis.

claim. Procedures at 3.2, 3.3 and 3.5. *See also* Exhibits “A” – “D” to Procedures (Proof of Claim forms and instructions).

32. At the same time that the Receiver informs the Cedent of the undisputed claims amount, where applicable, the Receiver also identifies existing claims that the SRUS disputes, together with a description of the general nature of the dispute. The Procedures require the Cedent to provide information and documents related to the disputed claims. Procedures at 3.2, 3.5 and 3.6.

33. Provision is also made for Cedents to provide the Receiver with a supplemental report of claims which arose before October 1, 2023 but were not reported to SRUS prior to the report (as of) date of SRUS’s books and records on which the undisputed claims amount was based. Procedures at 3.7.

34. Where a Cedent’s records diverge from SRUS’s records, or where supplemental reporting is made by a Cedent, the Procedures provide for a reconciliation process to address mathematical or other differences that may exist. To the extent that this reconciliation process is necessary, it is designed to maximize the number of Cedent Reinsurance Claims that can be reported to the Court as undisputed and thus be approved quickly and without expending the resources of the liquidation estate or the Court. Procedures at 3.6.6, 3.6.7 and 3.6.10.

35. The Procedures allow unresolved disputes regarding Cedent Reinsurance Claims, whether from the initial disputed claims list or from disagreements with the claims on the Receiver’s books and records, to be more quickly identified and funneled into the dispute resolution process. Procedures at

3.6.

36. The above procedures have been proposed because the Receiver has determined that under the specific circumstances of SRUS's Liquidation, they act to minimize the cost and expense of the Proof of Claim Process, to more quickly lead to the determination of claims, and reinsurance recoveries and they are fair to SRUS's claimants and creditors, and are in the best interests of SRUS's Estate, its claimants, and the general public. (Ex. 2, Johnson Aff. at ¶¶ 11-17).

IV. BAR DATE FOR CEDENT REINSURANCE CLAIMS

37. The claimants subject to the Cedent Reinsurance Claims Procedures are all sophisticated insurance companies.

38. Further, the Cedent Reinsurance Claims are based upon claim information which is readily calculable by Cedents, and is being provided in the first instance by the Receiver.

39. As such, the Receiver believes that a brief bar date⁶ is warranted in this case and requests that the Court set as the date by which claimants must file Cedent Reinsurance claims as six (6) months after entry of the Order approving this Motion.

V. CONCLUSION

40. For the reasons set forth above and in Exhibit 2, the Affidavit of Michael Johnson, Deputy Receiver, the Receiver asserts that the above procedures are fair to SRUS and its claimants and creditors, and are in the best interests of

⁶ *C.f.* § 5929(b) bar date to be “not less than 6 months after the entry of insolvency.”

SRUS's Estate, its claimants, and the general public. (Ex. 2, Johnson Aff. at ¶¶ 11-17).

WHEREFORE, the undersigned attorney, on behalf of the Honorable Trinidad Navarro, Insurance Commissioner of the State of Delaware in his capacity as Receiver of SRUS, in Liquidation, respectfully requests that this Honorable Court:

- (1) Find sufficient causes exists to support the conclusion that the Cedent Reinsurance Claims Procedures is in the best interests of the SRUS estate, creditors and the public;
- (2) Grant the Receiver's Motion for Approval of the Cedent Reinsurance Claims Procedures;
- (3) Authorize the Receiver to take any and all steps necessary to effectuate the terms of the Cedent Reinsurance Claims Procedures;
- (4) Set a Bar Date for the submission of claims for six (6) months after entry of the Order approving the Motion; and
- (5) Grant such other relief as the Court deems just.

Dated: March 25, 2024

Respectfully submitted,

BAYARD, P.A.

/s/ GianClaudio Finizio

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*Attorneys for The Honorable
Trinidad Navarro, Receiver for
Scottish RE (U.S.), Inc.*



EXHIBIT "1"

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN THE MATTER OF THE LIQUIDATION :
OF SCOTTISH RE (U.S.), INC. : C.A. 2019-0175-JTL
_____ :

**RECEIVER'S PROCEDURES
FOR CEDENT REINSURANCE CLAIMS
(CEDENT CREDITORS OF SRUS ONLY)**

**SECTION I
PREAMBLE**

These procedures apply to Cedent Reinsurance Claims that allege amounts due and owing from SRUS to Cedents based on circumstances occurring on or before September 30, 2023; and the Receiver's determination of those claims ("Cedent Reinsurance Claims Procedures").

The Cedent Reinsurance Claims Procedures are the exclusive means for evaluating and determining these claims. They are intended to provide a standardized and efficient process to evaluate and determine Cedent Reinsurance Claims. Claims that fall within this group arise from ordinary course business dealings. Unlike other claims, Cedent Reinsurance Claims are relatively uniform, mature, involve settled financial data, and are straightforward to calculate. As such, these procedures are structured to expeditiously identify and resolve uncontested claims so that they can be presented to the Court for Final Determination. This allows SRUS, claimants, and the Court to focus on other types of claims and issues including disputes.

SECTION II DEFINITIONS

Any term used in these Cedent Reinsurance Claims Procedures that is not defined in this Section but is defined in 18 *Del. C.* ch. 59 (“DUILA”) shall have the meaning set forth therein. All terms other than those defined in this Section or the DUILA shall have their common meaning in the English language. Otherwise, with respect to these Cedent Reinsurance Claims Procedures, these terms shall have the following meanings:

- (a) “Approval” refers to the date on which an Order is filed by the Chancery Court approving these Cedent Reinsurance Claims Procedures either as filed or with modifications by the Court.
- (b) “Bar Date” refers to the deadline set by the Court pursuant to 18 *Del. C.* § 5929(b) for a Cedent to file a proof of claim with the estate in accordance with these Cedent Reinsurance Claims Procedures. This date is _____, 202_. Pursuant to 18 *Del. C.* § 5918(e)(7) all Cedent claims that are subject to these Cedent Reinsurance Claim Procedures that are filed after the Bar Date are deemed late filed and, unless such late filing is excused by the Court, the claim is assigned to Priority Class 7.
- (c) “Cedent” refers to the definition of “Cedent” as contained within the definition of “Reinsurance” in this Section II. For the avoidance of doubt, Cedent refers to an individual Cedent entity and not a group of affiliated or non-affiliated Cedents.
- (d) “Cedent Reinsurance Claims” refers to a claim or claims by a Cedent against SRUS made under the Cedent Reinsurance Claims Procedures.
- (e) “Chancery Court” refers to the Delaware Court of Chancery.
- (f) “Claim Valuation”, “Valuation”, or “Value” refer to the process in which the Receiver evaluates, values, or otherwise determines a claim pursuant to these Cedent Reinsurance Claims Procedures.

- (g) “Disputed Pre-POC Claims” refers to that portion of a Cedent Reinsurance Claim identified by the Receiver as such in an attachment to the Cedent Reinsurance Proof of Claim Summary Sheet.
- (h) “Liquidation Order” refers to the Liquidation and Injunction Order entered by the Chancery Court on July 18, 2023, placing SRUS into liquidation.
- (i) “Non-Agreed POC Claims” refers to that portion of a Cedent Reinsurance Claim, other than Disputed Pre-POC Claims, where the Cedent and Receiver disagree as to the value of the Cedent Reinsurance Claim.
- (j) “Offset” or “Setoff” refers to the reduction of the amount owed by one party to a second party by crediting the first party with amounts owed it by the second party. Offset rights in the liquidation proceedings of SRUS are governed by 18 *Del. C.* § 5927.
- (k) “Priority Class” refers to the Priority Class of a Cedent Claim under 18 *Del. C.* § 5918. All timely filed Cedent Reinsurance Claims, unless notified otherwise, are Priority Class 6 pursuant to 18 *Del. C.* § 5918(e)(6).
- (l) “Receiver” refers to the Honorable Trinidad Navarro, Insurance Commissioner of the State of Delaware in his capacity as the Receiver of SRUS, or his duly appointed deputy receiver(s) and Designees as that term is defined in the Liquidation Order.
- (m) “Reinsurance” refers to the contractual transfer or cession by an insurer known as a “Cedent” of some or all of its risk to its policyholders to another insurance company known as the “Reinsurer” for which the Reinsurer is paid a premium by the Cedent (which may or may not relate specifically to the premium paid by the underlying policyholder). The terms and conditions of this transfer are contained in a “Reinsurance Agreement” or “Treaty” and any amendments or endorsements thereto. The Reinsurer may, in turn, contractually transfer or cede some or all of its risk that it assumed from the Cedent to another Reinsurer known as a “Retrocessionaire” for which the Retrocessionaire is paid a premium by the Reinsurer. The terms and conditions of this transfer are contained in a “Retrocession Agreement” and any amendments or endorsements thereto.
- (n) “Reinsurance Agreement” refers to the definition of “Reinsurance Agreement” as contained within the definition of “Reinsurance in this Section II.

SECTION III CEDENT REINSURANCE CLAIMS PROCESS

3.1 General Information

3.1.1 These Cedent Reinsurance Claims Procedures, together with the procedures regarding all other claims, dispute resolution, and final determination of claims by the Court, implement the claims, reporting, and hearing provisions of the DEUILA, including 18 *Del. C.* § 5917.

3.1.2 Upon Approval, the Cedent Reinsurance Claim Procedures will be the exclusive means for evaluating and determining all Cedent Reinsurance Claims.

3.1.3 Within thirty (30) days of the Approval, the Receiver shall serve all Cedents with a packet containing the following: (a) Cedent Reinsurance Proof of Claim Summary Sheet; (b) Cedent Proof of Claim Form for Cedent Reinsurance Claims; and (c) Proof of Claim Spreadsheet and Instructions (collectively, the “Cedent Proof of Claim Packet”).

3.1.4 Within five (5) business days of Approval, the Receiver will post the following to the website maintained for the SRUS liquidation:¹ (a) the Cedent Reinsurance Claims Procedures; and (b) a template of the Cedent Proof of Claim Packet.

3.2 Cedent Reinsurance Claim Summary Sheet

3.2.1 As part of the Cedent Proof of Claim Packet, the Receiver will issue a Cedent Reinsurance Proof of Claim Summary Sheet (“Cedent Reinsurance Claim Summary”) to each Cedent. A template of the Cedent Reinsurance Claim Summary

¹ https://insurance.delaware.gov/divisions/rehab_bureau/rehab_bureau_scottishreusinc/

is attached to these Cedent Claim Procedures as Exhibit “A.” Highlighted items on the template refer to notional parties and amounts. The final Cedent Reinsurance Claim Summary in the Cedent Proof of Claim Packet will replace the highlighted portion with the applicable information for each particular Cedent.

3.2.2 The Cedent Reinsurance Claim Summary also identifies in an attached list all Disputed Pre-POC Claims under each Treaty (“Receiver’s List of Disputed Pre-POC Claims”).

3.2.3 The Cedent Reinsurance Claim Summary provides financial information to the Cedent from the records of SRUS as of the date noted on the summary, that identifies, for the period ending (and inclusive of) September 30, 2023, the aggregate undisputed amount (all treaties) due from SRUS before any deductions for offset (“Gross Aggregate Undisputed Claims Amount”), the aggregate offset shown on the records of SRUS for amounts (all treaties) due to SRUS (“Aggregate Offset Amount”), and the total amount of the claims that the Receiver does not dispute (“Total Undisputed Claims Amount”).

3.2.4 On the Cedent Reinsurance Claim Summary, the applicable Aggregate Offset Amount is subtracted from the Gross Aggregate Undisputed Claims Amount. The difference is represented by the Total Undisputed Claims Amount. If there is no applicable Aggregate Offset Amount, the Gross Aggregate Undisputed Claims Amount will be equal to the Total Undisputed Claims Amount.

3.2.5 The Cedent Reinsurance Claim Summary also contains directions for Cedents wishing to file a Cedent Reinsurance Claim to complete the Cedent Reinsurance Proof of Claim Form.

3.3 Cedent Reinsurance Proof of Claim Form

3.3.1 As part of the Cedent Proof of Claim Packet, the Receiver will issue to each Cedent the Cedent Reinsurance Proof of Claim Form (the “Cedent Reinsurance POC Form”). A template of the Cedent Reinsurance POC Form is attached to these Cedent Reinsurance Claim Procedures as Exhibit “B.” Highlighted items on the template refer to notional parties and amounts. The final Cedent Reinsurance POC Form in the Cedent Proof of Claim Packet will replace the highlighted portion with the applicable information for each particular Cedent.

3.3.2 The Cedent Reinsurance POC Form lists the name of the Cedent as well as the Total Undisputed Claims Amount as calculated on the Cedent Reinsurance Claim Summary. It asks the Cedent to decide whether or not to accept the Total Undisputed Claims Amount.

3.4 Proof of Claim Spreadsheet and Instructions

3.4.1 The Cedent Reinsurance POC Form contains instructions for downloading an Excel file containing two tabs referred to as the Proof of Claim Spreadsheet (“POC Spreadsheet”). A template of the POC Spreadsheet is attached to these Cedent Reinsurance Claim Procedures as Exhibit “C,” and a template of the Excel file may be downloaded from SRUS’s website: https://insurance.delaware.gov/divisions/rehab_bureau/rehab_bureau_scottishreusinc/

3.4.2 As part of the Cedent Proof of Claim Packet, the Receiver will issue to each Cedent the POC Spreadsheet Instructions (the “Instructions”) which provide detailed guidelines as to what information must be provided on the POC Spreadsheet. A template of the Instructions is attached to these Cedent Reinsurance Claim Procedures as Exhibit “D.”

3.5 Procedures When Total Undisputed Claims Accepted

3.5.1 If the Cedent accepts the Total Undisputed Claims Amount on the Cedent Reinsurance POC Form, the Cedent shall complete and notarize the Cedent Reinsurance POC.

3.5.2 If the attachment to the Receiver's Cedent Reinsurance Claim Summary contains any Disputed Pre-POC Claims, the Cedent shall include each of those Disputed Pre-POC claims in its POC Spreadsheet, in accordance with the instructions. The Cedent shall also attach a narrative description describing for each Disputed Pre-POC Claim: (1) the amount claimed; and (2) why the amount is due despite the dispute basis identified in the attachment to the Cedent Reinsurance Claim Summary. The Cedent must also provide all relevant documents supporting its claim that such amount is due despite the identified basis of the dispute.

3.5.3 Accepting the Total Undisputed Reinsurance Claim Amount does not constitute acceptance of SRUS’s position on Disputed Pre-POC Claims. The resolution and valuation of the Disputed Pre-POC Claims will be the subject of the Dispute Resolution Procedures.

3.5.4 If the Cedent accepts the Total Undisputed Claims Amount on the Cedent Reinsurance POC Form, the Cedent need not include any claim on the POC Spreadsheet that is not a Disputed Pre-POC Claim (*i.e.*, it need not provide information about the claims it has accepted).

3.5.5 The Cedent must return to the Receiver, such that it is received no later than the Bar Date: (1) the completed and notarized Cedent Reinsurance POC Form and, if applicable, (2) (a) the completed POC Spreadsheet; (b) the narrative description, and (c) the documents showing why the amount is due despite the identified basis for the dispute (*i.e.*, the Cedent's position why each Disputed Pre-POC Claim should be determined in favor of the Cedent).

3.5.6 No later than forty-five (45) days after the Bar Date, the Receiver shall submit all Cedent Reinsurance POCs in which a Cedent has accepted the Total Undisputed Claims Amount, along with the Receiver's recommendation, to the Chancery Court for final determination pursuant to the procedures for Final Determination of Claims.

3.5.7 The resolution/adjudication process for the Disputed Pre-POC Claims follows the procedures set forth in the Dispute Resolution Procedures.

3.6 Procedures When Total Undisputed Claims Not Accepted

3.6.1 If a Cedent does not accept the Total Undisputed Claims Amount, the Cedent must complete and notarize the Cedent Reinsurance POC, setting out the amount it contends is due for the Non-Agreed POC Claims (*i.e.* all Reinsurance Claims not including the Disputed Pre-POC Claims).

3.6.2 The Cedent must complete the applicable POC Spreadsheet in accordance with the Instructions and provide the Receiver with any documentation in its possession that supports the amount claimed for the Non-Agreed POC Claims.

3.6.3 If the attachment to the Receiver's Cedent Reinsurance Claim Summary contains any Disputed Pre-POC Claims, the Cedent shall include each of those Disputed Pre-POC claims in its POC Spreadsheet, in accordance with the instructions. The Cedent shall also attach a narrative description describing, for each Disputed Pre-POC Claim: (1) the amount claimed and (2) why the amount is due despite the dispute basis identified in the attachment to the Cedent Reinsurance Claim Summary. The Cedent must also provide all relevant documents supporting its claim that such amount is due despite the identified basis for the dispute (i.e., the Cedent's position why each Disputed Pre-POC Claim should be determined in favor of the Cedent).

3.6.4 The completed POC Spreadsheet and accompanying documentation will serve as the basis for the Cedent Reinsurance Claim(s) that the Cedent asserts against the SRUS estate.

3.6.5 The Cedent must return to the Receiver, such that it is received no later than the Bar Date: (1) the completed and notarized Cedent Reinsurance POC Form; (2) the completed POC Spreadsheet; and (3) all supporting documentation.

3.6.6 Upon the Receiver's receipt and evaluation of the Cedent's completed Cedent Reinsurance POC, POC Spreadsheet(s) and any supporting documentation, the Receiver will either: (a) issue a Notice of Determination ("NOD") regarding the

Cedent's Non-Agreed POC Claims that assigns a Priority Class and value to the claim(s); or (b) communicate with the Cedent in an attempt to: (i) obtain additional information needed for the Receiver to issue a Notice of Determination for the claim; and/or (ii) reconcile discrepancies between the Receiver and Cedent's valuation of the respective claim(s).

3.6.7 Claim discrepancies that are resolved through the reconciliation process referenced in the preceding paragraph will be stipulated to by the Receiver and Cedent. A Notice of Determination of Agreed Class and Value ("NODACV") will then be issued by the Receiver and submitted to the Chancery Court for final approval in accordance with the procedures for the Final Determination of Claims.

3.6.8 If the reconciliation process fails to resolve discrepancies in the valuation of the Non-Agreed POC Claims, the claim(s) in question shall proceed to the dispute resolution process as set out in the Dispute Resolution Procedures.

3.6.9 The resolution/adjudication process for the Disputed Pre-POC Claims follows the procedures set forth in the Dispute Resolution Procedures.

3.6.10 At any time prior to final determination by the Chancery Court, the Receiver and the Cedent with an unresolved Cedent Reinsurance Claim(s) may continue to conduct informal attempts to resolve any disagreements regarding such Claim(s) and if an agreement is reached, such claim will then become a stipulated claim and the Receiver will replace the NOD with an NODACV which will be submitted to the Chancery Court for final approval in accordance with the procedures for the Final Determination of Claims.

3.7 Cedent Reinsurance Claims Becoming Absolute Prior to the Bar Date

3.7.1 For any Cedent Reinsurance Claim which was not included on the Cedent Reinsurance POC Summary because it was reported after the date noted on the Cedent Reinsurance POC Summary (a “Supplemental Reinsurance Claim), the Cedent shall list each such claim on the applicable POC Spreadsheet, submit a notarized statement that the information provided is true and correct, and provide the Receiver with any documentation in its possession that supports the amount claimed for each claim (collectively the “Supplemental Information”).

3.7.2 The Supplemental Information must be returned to the Receiver, such that it is received no later than the Bar Date.

3.7.3 Upon the Receiver’s receipt and evaluation of the Cedent’s Supplemental Information, the Receiver will either: (a) agree to such claim, and send such Supplemental Claim to the Chancery Court for final approval in accordance with the procedures for the Final Determination of Claims, above; (b) issue a Notice of Determination (“NOD”) regarding the Cedent’s Supplemental Claim that assigns a Priority Class and value to the claim(s); or (c) communicate with the Cedent in an attempt to: (i) obtain additional information needed for the Receiver to issue a Notice of Determination for the Supplemental Claim(s); and/or (ii) reconcile discrepancies between the Receiver and Cedent’s valuation of the Supplemental Claim(s).

3.7.4 Claim discrepancies that are resolved through the reconciliation process referenced in the preceding paragraph will be stipulated to by the Receiver and Cedent. A Notice of Determination of Agreed Class and Value (“NODACV”) will then

be issued by the Receiver and submitted to the Chancery Court for final approval in accordance with the procedures for the Final Determination of Claims.

3.7.5 Should the reconciliation process fail to resolve discrepancies in the valuation of the Supplemental Claim(s), the Claim(s) in question shall proceed to the dispute resolution process as set out in the Dispute Resolution Procedures.

3.7.6 At any time prior to final determination by the Chancery Court, the Receiver and the Cedent with an unresolved Supplemental Claim(s) may continue to conduct informal attempts to resolve any disagreements regarding such Supplemental Claim(s) and if an agreement is reached, such claim will then become a stipulated claim and the Receiver will replace the NOD with an NODACV which will be submitted to the Chancery Court for final approval in accordance with the procedures for the Final Determination of Claims.

EXHIBIT “A”

SCOTTISH RE (U.S.), INC. IN LIQUIDATION

CEDENT REINSURANCE PROOF OF CLAIM SUMMARY SHEET
FOR **XYZ CORPORATION, INC.**

BAR DATE FOR FILING CEDENT REINSURANCE CLAIMS IS _____, 202_

1. For cedent **XYZ CORPORATION, INC.** the records of Scottish Re (U.S.), Inc. (“SRUS”) show the following information:
 - a. Undisputed amount due from SRUS before the application of offset: **\$ 1,000,000**
(See list of treaties and list of disputed claims attached hereto)
 - b. Offsets applied to the amount due from SRUS: **\$ 250,000**
 - c. **TOTAL UNDISPUTED REINSURANCE CLAIM AMOUNT: \$750,000.**
(1(a) – 1(b))

2. If you ACCEPT THE TOTAL UNDISPUTED REINSURANCE CLAIM AMOUNT on line 1(c), fill out lines 1 through 6 of the Cedent Proof of Claim for Cedent Reinsurance Claims (“POC FORM”).

For line 7, check “YES.”

If there are no disputed claims identified, sign and notarize the POC FORM and return it to the Receiver at the address indicated on the POC FORM.

If there are disputed claims identified, follow the directions on line 10 of the POC FORM, and then sign and notarize the POC FORM and return it, along with the documents required by line 10 to the Receiver at the address indicated on the POC FORM.

3. If you DO NOT ACCEPT THE TOTAL UNDISPUTED REINSURANCE CLAIM AMOUNT on line 1(c), fill out lines 1 through 8 of the POC FORM, (checking “NO” to line 7) and follow the directions on line 9 of the POC FORM.
4. Note that accepting the TOTAL UNDISPUTED REINSURANCE CLAIM AMOUNT on line 1(c) does not constitute acceptance of SRUS’s position on the disputed claims listed on the attachment. Resolution and valuation of those disputed claims will be the subject of additional Procedures.

EXHIBIT “B”

SCOTTISH RE (U.S.), INC. IN LIQUIDATION

CEDENT PROOF OF CLAIM
FOR CEDENT REINSURANCE CLAIMS

POC Number
(Receiver Use)

BAR DATE FOR FILING CEDENT REINSURANCE CLAIMS IS _____, 202_

Please read the instructions carefully before fully completing all pages of this Proof of Claim form.

1. CEDENT'S NAME: XYZ, Corporation, Inc.

(Type correct name if it differs)

2. MAILING ADDRESS:

3. TEL. NO. (Daytime): 4. ALTERNATE TEL.

5. E-MAIL ADDRESS:

6. ARE YOU REPRESENTED BY AN ATTORNEY: YES (). NO (). If YES, provide attorney's name, address, telephone no. and email.

7. Do you accept the Receiver's calculation of the TOTAL UNDISPUTED REINSURANCE CLAIM AMOUNT shown on line 1(c) of the Cedent Pre-Liquidation Reinsurance Proof of Claim Summary sheet for XYZ Corporation, Inc. of \$750,000.

- () YES
() NO

If "YES" - Go to Question 10.

If "NO" fill in line 8 and follow the directions in line 9.

8. AMOUNT OF YOUR CLAIM. \$

9. If your answer to Question No. 7 was "NO", you must fill out the relevant excel spreadsheets for all Cedent Reinsurance Claims (including disputed Cedent Reinsurance Claims, if any) (available for download at _____) and return them, along with a signed and notarized copy of this form to the Receiver as directed below. For any disputed claims, you must submit a narrative description and all relevant documents showing why the amount is due despite the Dispute Basis identified by SRUS. You must also upload the completed excel spreadsheets to _____ by the Bar Date.

10. If your answer to Question No. 7 was "YES", and any disputed claims were identified by SRUS, you must also fill out the relevant excel spreadsheets for the DISPUTED Cedent Reinsurance Claims (available for download at _____) and return them, along with a signed and notarized copy of this form to the Receiver as directed below. For any disputed claims, you must submit a narrative description and all relevant documents showing why the amount is due despite the Dispute Basis identified by SRUS. You must also upload the completed excel spreadsheets to _____ by the Bar Date.

IMPORTANT: This Proof of Claim must be sworn to before a Notary Public or person authorized to administer oaths.

I swear under the penalties for perjury that the facts stated in this Proof of Claim to be filed in the liquidation proceeding of Scottish Re (U.S.), Inc. are true and correct.

STATE OF _____) _____
Cedent (sign on line above)

Print Name: _____

COUNTY OF _____) _____
Title or Official Capacity of Signatory

Subscribed and sworn to before me, a Notary Public this ___ day of _____, 202_.

Signature of Notary Public

Printed Name of Notary Public

I am a resident of _____ County, State of _____.

My commission expires _____.

DEADLINE FOR FILING CEDENT REINSURANCE CLAIMS IS

_____, 202_

**THIS PROOF OF CLAIM AND ALL SUPPORTING DOCUMENTATION
MUST BE RECEIVED BY SCOTTISH RE (U.S.), INC. IN LIQUIDAITON
AT THE FOLLOWING ADDRESS ON OR BEFORE THE BAR DATE:**

**Scottish Re (U.S.), Inc. in Liquidation
1 Righter Parkway
Suite 280
Wilmington DE 19803-1555**

EXHIBIT “C”

DETAILED PROOF OF CLAIM PART 1 OF 4

1	2	3	4	5	6	7	8
Legal Entity	SRUS Treaty Number (if known)	Cedent Treaty ID/Number	Treaty Inception Date	Policy Number	Insured Last Name	Insured First Name	Cedent Claim Number
ABC COMPANY	123456						
ABC COMPANY	987654						
ABC COMPANY	987654						

Subtotal by Cedent Treaty ID/number Total Claim ceded to SRUS and remaining unpaid balance after offsets. 78910

Grandtotal of remaining unpaid balance after offsets (this is the total of the by treaty subtotals)

DETAILED PROOF OF CLAIM PART 2 OF 4

1	9	10	11	12	13	14	15	16	17
Legal Entity	Date of Birth	Date of Death	Date SRUS Notified	Is claim disputed by SRUS? (Yes/No)	Claim Amount (Death Benefit) Ceded to SRUS	Claim Interest ceded to SRUS	Claim Fees (investigation legal, etc.) ceded to SRUS	Total Claim Amount Ceded to SRUS	Total Policy Gross Loss amount per Cedent Records
ABC COMPANY		2/17/20			300,000.00	20,000.00	5,000.00	325,000.00	
ABC COMPANY		7/25/21						75,000.00	
ABC COMPANY		6/18/22						450,000.00	

Subtotal by Cedent Treaty ID/number Total Claim ceded to SRUS and remaining unpaid balance after offsets. XXXX

Grandtotal of remaining unpaid balance after offsets (this is the total of the by treaty subtotals) XXXX

DETAILED PROOF OF CLAIM PART 3 OF 4

1	18	19	20	21	22
Legal Entity	Treaty Type (Quota share, Excess of loss, other)	Treaty percentage/financial terms (20% Q/S, XOL Xof X)	any other key treaty details (e.g.	Source of Offset (i.e. Premium from applicable treaty, Premium from other treaty, Commission refund or other)	If Source of offset was from another treaty please note Cedent Treaty ID Number
ABC COMPANY ABC COMPANY ABC COMPANY					

Subtotal by Cedent Treaty ID/number Total Claim ceded to SRUS and remaining unpaid balance after offsets.

Grandtotal of remaining unpaid balance after offsets (this is the total of the by treaty subtotals)

**Cedent Reconciliation
As of 9/30/2023**

**TREATY SUMMARY
PART 1 OF 4**

Description	Total all Treaties by Cedent	(f) Cedent Treaty ID / Number #1
1 Total Claims Ceded to SRUS through September 30, 2023* (a)	XXXX	
2 Total Ceded Premium through September 30, 2023* (b)	XXXX	
3 Net Ceded Claims due (Ceded Claims less Ceded Premium) (c)	XXXX	-
4 Remaining Unpaid Claim balance after offsets (column Y Tab 1) (d)	XXXX	
5 Difference (e)	XXXX	-
6 Explanation of any differences		
7 Other Benefits claimed (g)		

(a)- This should come from the subtotal by treaty in Column P of Tab 1

(b)- This amount should come from applicable traceable ceded premium by treaty report/records compiled by the Cedent through Liquidation date, which is September 30, 2023

(c)-These totals are calculated based on the difference between line 6 less line 8

(d)-This amount should come from the Grandtotal of Column Y of Tab1

(e)-This total is calculated based on the difference between line 10 less line 12

(f)-The Treaty Cedent ID Number should come from Column C of Tab 1

(g) - The total should come from the subtotal in Column Z of Tab 1

*** this is meant to be the period through Liquidation date which is September 30, 2023**

**TREATY SUMMARY
PART 2 OF 4**

**Cedent Reconciliation
As of 9/30/2023**

Description	(f) Cedent Treaty ID / Number #2	(f) Cedent Treaty ID / Number #3	(f) Cedent Treaty ID / Number #4
Total Claims Ceded to SRUS through September 30, 2023* (a)			
Total Ceded Premium through September 30, 2023* (b)			
Net Ceded Claims due (Ceded Claims less Ceded Premium) (c)	-	-	-
Remaining Unpaid Claim balance after offsets (column Y Tab 1) (d)			
Difference (e)	-	-	-
Explanation of any differences			
Other Benefits claimed (g)			

(a)- This should come from the subtotal by treaty in Column P of Tab 1

(b)- This amount should come from applicable traceable ceded premium by treaty report/records compiled by the Cedent through Liquidation date, which is September 30, 2023

(c)-These totals are calculated based on the difference between line 6 less line 8

(d)-This amount should come from the Grandtotal of Column Y of Tab1

(e)-This total is calculated based on the difference between line 10 less line 12

(f)-The Treaty Cedent ID Number should come from Column C of Tab 1

(g) - The total should come from the subtotal in Column Z of Tab 1

*** this is meant to be the period through Liquidation date which is September 30, 2023**

**TREATY SUMMARY
PART 3 OF 4**

**Cedent Reconciliation
As of 9/30/2023**

Description	(f) Cedent Treaty ID / Number #5	(f) Cedent Treaty ID / Number #6	(f) Cedent Treaty ID / Number #7
Total Claims Ceded to SRUS through September 30, 2023* (a)			
Total Ceded Premium through September 30, 2023* (b)			
Net Ceded Claims due (Ceded Claims less Ceded Premium) (c)	-	-	-
Remaining Unpaid Claim balance after offsets (column Y Tab 1) (d)			
Difference (e)	-	-	-
Explanation of any differences			
Other Benefits claimed (g)			

(a)- This should come from the subtotal by treaty in Column P of Tab 1

(b)- This amount should come from applicable traceable ceded premium by treaty report/records compiled by the Cedent through Liquidation date, which is September 30, 2023

(c)-These totals are calculated based on the difference between line 6 less line 8

(d)-This amount should come from the Grandtotal of Column Y of Tab1

(e)-This total is calculated based on the difference between line 10 less line 12

(f)-The Treaty Cedent ID Number should come from Column C of Tab 1

(g) - The total should come from the subtotal in Column Z of Tab 1

*** this is meant to be the period through Liquidation date which is September 30, 2023**

**TREATY SUMMARY
PART 4 OF 4**

**Cedent Reconciliation
As of 9/30/2023**

Description	(f) Cedent Treaty ID / Number #8	(f) Cedent Treaty ID / Number #9	(f) Cedent Treaty ID / Number #10
Total Claims Ceded to SRUS through September 30, 2023* (a)			
Total Ceded Premium through September 30, 2023* (b)			
Net Ceded Claims due (Ceded Claims less Ceded Premium) (c)	-	-	-
Remaining Unpaid Claim balance after offsets (column Y Tab 1) (d)			
Difference (e)	-	-	-
Explanation of any differences			
Other Benefits claimed (g)			

(a)- This should come from the subtotal by treaty in Column P of Tab 1

(b)- This amount should come from applicable traceable ceded premium by treaty report/records compiled by the Cedent through Liquidation date, which is September 30, 2023

(c)-These totals are calculated based on the difference between line 6 less line 8

(d)-This amount should come from the Grandtotal of Column Y of Tab1

(e)-This total is calculated based on the difference between line 10 less line 12

(f)-The Treaty Cedent ID Number should come from Column C of Tab 1

(g) - The total should come from the subtotal in Column Z of Tab 1

*** this is meant to be the period through Liquidation date which is September 30, 2023**

EXHIBIT “D”

Instructions for completing Cedent Proof of Claim Proforma

If so directed on the Cedent Proof of Claim for Cedent Reinsurance Claims, you must complete the attached pro-forma to be submitted to support your Proof of Claims (POC) for balances due from SRUS as of 9-30-2023. This "POC pro-forma" is being provided to provide necessary detail to facilitate the POC process.

The financial information requested to be provided is by treaty/claim and it is for the *period through September 30, 2023 (SRUS Liquidation)*.

Specific instructions on completing the attached POC proforma are noted below. Please note the proforma requires the completion of two separate tabs. Tab 1 requests "Treaty Paid Claims Detail" information and Tab "2" requests "Treaty Summary Information." The complete instructions are as follows:

Note: Columns M – P on Tab 1 are for death claims, for Non-death claims please complete Columns Z and AA on Tab 1

Tab 1- "Treaty Paid Claims Detail"

Please complete all columns with the applicable claim and treaty information requested. Also please provide the applicable requested treaty/claim subtotals from information Tab 1

If you do not maintain or know some of the fields requested please indicate "DNM" ("Do Not Maintain" or "UNK" ("Unknown") in the respective cells.

The information requested for each cell is as follows.

- 1- Column A-Requires the Legal Entity for which the cession is due from
- 2- Column B-Requires the SRUS Treaty number, if known
- 3- Column C-Requires your cedent ID/Treaty number
- 4- Column D-Requires the Treaty inception date
- 5- Column E-Requires the applicable policy number
- 6- Column F-Requires Insured last name
- 7- Column G-Requires Insured first name
- 8- Column H-Requires your cedent claim number
- 9- Column I-Requires claimant date of birth
- 10- Column J-Requires claimant date of death
- 11- Column K-Requires the date SRUS was notified of the Claim
- 12- Column L-Requires you indicate "Yes" if the claim has been listed as disputed by SRUS or "No," otherwise
- 13- Column M-Requires the Claim amount/death benefit of the Loss Ceded to SRUS
- 14- Column N-Requires the Claim interest Ceded to SRUS
- 15- Column O-Requires the Claim fees such as investigation, legal, etc Ceded to SRUS
- 16- Column P-Which indicates the Total Claim Amount Ceded to SRUS **Requires NO entry** as it will be calculated by the formula included which is the addition of columns M, N and O

- 17- Column Q Requires the Total Policy Gross Loss amount (this is the total underlying policy loss amount)
- 18- Column R- Requires a description of the treaty type with SRUS (i.e. Quota share, Excess of Loss, other)
- 19- Column S-Requires the terms of the treaty (Quota Share percentage, Excess of loss details, etc.)
- 20- Column T -Requires if applicable, any other key terms of the treaty with SRUS
- 21- Column U-Requires the Source of any offset amount noted in Column W be described. Among the possible options for this could be Premium from applicable treaty, Premium from other treaty, Commission refund or other). If Premium was from other treaty please indicate in Column V the other cedent treaty ID number
- 22- Column V-Requires for any applicable offset in column W which does not relate to the claims/treaty in column R then the "other" treaty number should be entered
- 23- Column W-Requires the amount of the Offset applied
- 24- Column X-Requires the date offset was taken/applied
- 25- Column Y -Represents the remaining unpaid claim balance and **Requires NO entry** be made as it is simply the difference between Column P and W.
- 26- Column Z – Represents any other non-death benefits claimed (i.e. Surrender, Annuity, Pre-Need, Disability/A&H, other).
- 27- Column AA – Requires a description of any other benefits claimed in column Z.

Once all of the detailed information is provided in the attached POC pro-forma providing subtotals and grand totals be included are requested to be provided. Specifically as shown on the attached sample pro-forma once all of the information (e.g. claim number, financial data, etc) are recorded please summarize the following:

For each Cedent Treaty ID/Number create a subtotal of Column P ("Total Claim Amount Ceded to SRUS") and a subtotal of column Y ("Remaining Unpaid Claim balance after offsets per this schedule"). These subtotals of Column P are then to be entered in Tab 2 of this POC proforma.

From the Cedent Treaty ID/Number subtotals of column Y ("Remaining Unpaid Claim balance after offsets per this schedule") create a Grand total column Y. The Grand total of column Y is then to be entered in Tab 2 of this POC proforma.

Tab 2-Treaty Summary Information

1-Line 4 on this schedule requires each Treaty Cedent ID Number from Column C of Tab 1 be entered. If a Cedent has more Treaties, necessitating additional Cedent Treaty ID columns, additional "Cedent Treaty ID" columns may be added to the spreadsheet in Column N, and beyond, as needed. If additional columns are inserted, be sure to add them while maintaining the formulas built into the spreadsheet in Lines 10 & 14.

2-Line 6 on this schedule requires for each Treaty Cedent ID noted on Line 4 the "Total Claim Amount Ceded to SRUS" be entered. This amount is to be taken from the subtotals of each Cedent Treaty ID/Number recorded in Column P of Tab 1.

3-Line 8 on this schedule requires for each Treaty the total ceded premium for the period through September 30, 2023. The source of the total ceded premium should be applicable traceable ceded premium by treaty report/records maintained by the cedent.

4-Line 10 on this schedule which represents the Net Ceded claims due **Requires No Entry** as it should be calculated by subtracting Line 8 from Line 6.

5-Line 12 on this schedule represents the Remaining Unpaid Claim balance after offsets which should be taken from the Grand total shown on column Y Tab 1.

6-Line 14 on this schedule represents any difference between the Net Ceded claims due in Line 10 and the Remaining Unpaid Claim balance after offsets shown on Line 12. This amount **Requires No Entry** as it should be calculated by subtracting Line 12 from Line 10.

7-If there are any differences in Line 14, please provide an explanation and applicable support for the difference either on Tab 2 or another document.

8-Line 18 on this schedule represents any other non-death benefits claimed from column Z on Tab 1.



EXHIBIT "2"

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN THE MATTER OF THE :
LIQUIDATION OF : C.A. No. 2019-0175-JTL
OF SCOTTISH RE (U.S.), INC. :

AFFIDAVIT OF MICHAEL J. JOHNSON

I, MICHAEL J. JOHNSON, being duly sworn, according to law, depose and state that:

1. I am the Deputy Receiver of Scottish Re (U.S.), Inc., in Liquidation (“SRUS”). I was originally appointed Deputy Receiver on March 6, 2019 by the Honorable Trinidad Navarro, Insurance Commissioner of the State of Delaware after the Court entered an order placing SRUS into rehabilitation and appointed Commissioner Navarro as the Receiver (“Rehabilitation Order”). I make this Affidavit in Support of the Receiver’s Verified Motion to Approve the Receiver’s Procedures for Cedent Reinsurance Claims and to Establish Bar Date (the “Motion”).

2. I have forty-nine (49) years of experience in the insurance industry during which time I have held varied senior management positions for several insurance companies with direct reporting obligations to the Chief Executive Officer, including Chief Financial Officer.

3. I also have twenty (20) years of experience in the seizure, rehabilitation and liquidation of financially troubled insurance companies or companies that are being operated in a condition hazardous to policyholders or the

public. I have served the Insurance Commissioners of Delaware, North Carolina, Vermont, and Pennsylvania.

4. My duties as Deputy Receiver include, but are not limited to, marshalling and preserving estate assets, making day-to-day operating decisions for the Estate, and, in liquidation, overseeing the proof of claims process and interacting with creditors. Usually, my liquidation duties also include interacting with individual state guaranty funds and policyholders but because SRUS was strictly a life reinsurer, guaranty fund support does not apply and SRUS has no policyholders.

5. To assist me in discharging these liquidation duties, I assembled a team consisting of SRUS executive management, including, but not limited to its Senior Finance Executive and Senior Actuarial Executive, and retained outside financial and actuarial consultants and legal counsel (collectively the “Liquidation Team”).

6. In insurance liquidation proceedings, the Receiver generally tailors the Proof of Claim process to the specific lines of insurance based upon the circumstances of an insolvent insurer.

7. The Proof of Claim forms and associated instructions are for the most part very similar among the Delaware insolvencies depending upon the lines of insurance and they are customarily submitted for approval as part of the legal papers that are filed with the Court to place an insurer into liquidation.

8. However, where the circumstances of an insurance liquidation warrant it, Delaware Receivers have applied to the Court to approve specific procedures.

9. This liquidation, unlike most liquidations, does not have the involvement of state guaranty associations and has no policyholders. Most of the creditors of SRUS are sophisticated parties and a significant majority of the claims arise from contractual counterparty relationships. The overwhelming majority of claims in this Liquidation will be from life insurers or reinsurers that have claims related to reinsurance contracts with SRUS.

10. In particular, the bulk of claims of cedent creditors can be easily separated into two types. Those claims arising from unpaid losses, commissions, fees, or expenses through September 30, 2023 which is the date that the reinsurance agreements were cancelled under the Liquidation Order (“Cedent Reinsurance Claims”), and claims associated with the breach of contract arising from the cancellation (“Cedent Termination Claims”).

11. This Affidavit addresses Cedent Reinsurance Claims. These claims are routinely calculated in the ordinary course of business and are mostly undisputed. They are finite. They are cut-off for deaths and other contractual benefits such as commissions, fees, and expenses as of 11:59 p.m. on September 30, 2023.

12. There are some claims within this group of claims that SRUS disputes. They too, are readily identifiable. They mostly involve cedent groups and each group may contain more than one entity. However, all cedent claims are filed on an entity basis, rather than a group basis.

13. Thus, the circumstances of the SRUS liquidation warrant specific procedures designed to quickly identify and resolve these easily calculable undisputed claims that arose during the rehabilitation, and to identify disputed claims and funnel them to the forthcoming dispute resolution procedures.

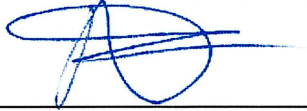
14. In addition to allowing for the orderly, expeditious, and equitable resolution of Cedent Reinsurance Claims, the procedures will, among other things, allow for the expeditious collection by SRUS of undisputed amounts due from its own reinsurers.

15. This is also the reasoning that underpins the request to set different proof of claim bar dates as this bifurcated procedure allows these Cedent Reinsurance Claims to be determined earlier in the process.

16. The Cedent Reinsurance Claims Procedures that are the subject of the Motion are designed to address the unique aspects of the proof of claim process in the SRUS liquidation noted above.

17. Based upon my experience in the insurance industry, insurance insolvencies, my independent knowledge of the facts and issues in the case noted above, and in consultation with my advisors, including experienced legal counsel, I have determined that the Cedent Reinsurance Claim Procedures are fair to SRUS and its claimants and creditors, and are in the best interests of SRUS's Estate, its claimants, and the general public.

SWORN TO AND SUBSCRIBED before me this 25 day of March 2024.



MICHAEL J. JOHNSON , Deputy Receiver
Scottish Re (U.S.), Inc., in Liquidation



Notary Public

My Commission Expires: 4-20-26

Commonwealth of Pennsylvania - Notary Seal
HOLLY A. DIGIACOMO, Notary Public
Philadelphia County
My Commission Expires April 20, 2026
Commission Number 1039961



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN THE MATTER OF THE LIQUIDATION :
OF SCOTTISH RE (U.S.), INC. : C .A. 2019-0175-JTL
: :
: :

**[PROPOSED] ORDER GRANTING THE RECEIVER’S VERIFIED MOTION
TO APPROVE THE RECEIVER’S PROCEDURES FOR CEDENT
REINSURANCE CLAIMS
AND TO ESTABLISH BAR DATE**

WHEREAS, on March 25, 2024, the Honorable Trinidad Navarro, Insurance Commissioner of the State of Delaware (the “Commissioner”) in his capacity as the Receiver (“Receiver”) of Scottish Re (U.S.), Inc., in Liquidation (“SRUS”), has moved (the “Motion”) this Honorable Court pursuant to 18 *Del. C.* § 5902, for an Order Approving the Receiver’s Procedures for Cedent Reinsurance Claims and to Establish a Bar Date (the “Cedent Reinsurance Procedures”);

NOW, THEREFORE, IT IS HEREBY ORDERED as of the date this Order is entered on the docket of the above-captioned matter that:

1. The Receiver’s Motion, including the exhibits thereto, contain sufficient evidence to support the conclusion that the Cedent Reinsurance Claims Procedures is in the best interests of the SRUS estate, creditors and the public;
2. The Receiver’s Motion is hereby GRANTED;
3. The Procedures attached as Exhibit “1” to the Receiver’s Motion are hereby APPROVED and the Receiver is hereby AUTHORIZED and ORDERED to take any and all steps necessary to effectuate the terms of the Cedent Reinsurance Claims Procedures; and

4. A Bar Date for the submission of claims subject to the Cedent Reinsurance Claims Procedures is set for six (6) months after entry of this Order.

IT IS SO ORDERED.

J. Travis Laster
Vice Chancellor

Dated: