

29 January 2010

Dear Sir/Madam

**ABRAXAS INSURANCE ADMINISTRATION SERVICES LIMITED ("ABRAXAS")**  
**QBE INSURANCE (EUROPE) LIMITED ("QBE")**  
**SAGICOR AT LLOYD'S LIMITED ("SAGICOR")**  
**SYNDICATE 44 AT LLOYD'S ("SYNDICATE 44")**  
**INSURANCE BUSINESS TRANSFER**

We are writing to notify you about the proposed transfer of part of the insurance business of QBE to Syndicate 44.

This letter has been sent to you as, from our records, you took out a Payment Protection Insurance ("**PPI**") policy between 24 January 2005 and 30 April 2007 (inclusive). You probably took out this policy in conjunction with a car loan either as part of the loan or through a monthly direct debit payment schedule. Your policy will be administered by Abraxas.

QBE is proposing to transfer the long term insurance elements of your PPI policy to Syndicate 44. The long term insurance elements of your PPI policy will include any life cover and, if your policy is for a term of 60 months or more, the accident and illness cover provided by your policy.

In addition to the long term insurance elements, your policy may also contain certain general insurance elements, such as unemployment protection. The general insurance elements will continue to be insured by QBE and will not be transferred to Syndicate 44.

**1. WHAT THIS MEANS FOR YOU**

On the Transfer coming into effect, Syndicate 44 will replace QBE as the insurer of the long term insurance elements of each Relevant Policy.

**Apart from this, the terms of such policies will not change. The Transfer will not affect in any way your existing arrangements in relation to payment of your premiums, if any, the notification of claims or any administrative matters. The administration of the Transferring Policies will continue to be dealt with by Abraxas from the same office and with the same personnel, as before.**

**You do not therefore need to take any action in relation to the Transfer.**

**THE PROPOSAL**

Between 24 January 2005 and 30 April 2007 (inclusive), QBE wrote PPI policies that offered certain elements of long term insurance.

QBE is proposing to transfer the long term insurance elements of the PPI policies (the "**Relevant Policies**") to Syndicate 44.

The transfer of the long term insurance elements of the Relevant Policies (the "**Transfer**") will be carried out under the statutory process available via Part VII of the Financial Services and Markets Act 2000 (the "**Act**") for the transfer of insurance businesses.

The Transfer is subject to the approval of the High Court of Justice in London (the "**Court**") and, subject to the Court's approval, the Transfer is expected to become effective on 31 March 2010. The Court hearing at which the Transfer will be considered will be held on 29 March 2010 (the "**Hearing**").

A statement on the terms of the scheme enclosed with this letter ("**Scheme Summary**") sets out further details about the Transfer.

## 2. **BACKGROUND TO THE TRANSFER**

QBE wish to transfer the long term insurance elements of the PPI policies to Syndicate 44 as QBE does not have the correct regulatory permissions to underwrite long term insurance business. QBE has been working closely with the industry regulator, the Financial Services Authority ("**FSA**"), to rectify this position and would reiterate that there will be no change in the cover offered by your policy or any change to the terms and conditions of your policy.

Syndicate 44, through Sagicor at Lloyd's its Managing Agent, has agreed to take the long term insurance elements of the Relevant Policies, together with all assets and liabilities connected with the long term insurance elements of the Relevant Policies.

Syndicate 44 is a part of the Society of Lloyd's market corporate structure based in London. Syndicate 44 writes life insurance business with a small amount of Critical Illness and Permanent Total Disability cover.

The Society of Lloyd's is the world's leading specialist Insurance market and provides excellent financial security to policyholders and capital efficiency to members. In 2008, the Society of Lloyd's reported record profits of about £1.9 billion and its central assets were at the highest level for over a decade.

Sagicor is the Managing Agent of Syndicate 44 and is a company specifically established for the purpose of managing syndicates at Lloyd's, and does not carry out any other function. It is part of the Sagicor Financial Corporation ("**SFC**") which has a history dating back to 1840. Sagicor Insurance, the insurance arm of SFC, operates in 21 countries and has total assets of US\$ 3.4 billion.

Given that the administration of the Relevant Policies will remain with the current administrators, Abraxas, it is considered appropriate to transfer the QBE long term interest to Syndicate 44.

## 3. **REVIEW OF THE TRANSFER BY THE INDEPENDENT EXPERT**

As required by the Act, the Transfer has been reviewed by an independent expert (the "**Independent Expert**"), Paul Cook, who has produced a report on

the proposed Transfer. The Independent Expert is a person whose appointment has been approved by the FSA as having the skills necessary to make a report on the Transfer. The Independent Expert has confirmed that in his view, none of the policyholders of QBE or Syndicate 44 will be materially adversely affected by the Transfer.

A summary of the Independent Expert's report on the Transfer is enclosed with this letter.

4. **FURTHER INFORMATION AND NEXT STEPS**

**If you are happy with the proposals, you don't have to do anything**

If you have any questions or concerns, you can obtain copies of the Independent Expert's report on the Transfer, the Scheme (the legal document under which the Transfer will be implemented), the Scheme Summary and the summary of the Independent Expert's report from the following websites: [www.qbeurope.com](http://www.qbeurope.com) and [www.sagicoratlloyds.eu](http://www.sagicoratlloyds.eu) or by writing to The Insurance Business Transfer Team, 13 Stevern Way, Peterborough, PE1 5EL or by phoning our local rate helpline on 08451 44 55 66.

If you remain concerned about these proposals and if you believe that you will be adversely affected by the carrying out of the Transfer, you are entitled to be heard (in writing, in person or by legal representation) at the Hearing before a Judge of the Chancery Division at the Royal Courts of Justice, Strand, London, WC2A 2LL.

If you intend to appear in Court, you are asked to give not less than four clear days notice of your intention to do so, together with your reasons for wishing to appear, to our solicitors, Pinsent Masons LLP, ref: CH07/634313.07013/MG, CityPoint, One Ropemaker Street, London EC2Y.

If you do not intend to appear in Court but nonetheless object to the Scheme or Transfer, please notify Pinsent Masons LLP as soon as possible but in any event at least four clear days before the Hearing together with your reasons for your objection. If the Court gives its approval at the Hearing, there will be no further opportunity to raise any objections to the Transfer.

You do not need to inform your finance company or Abraxas as we have written to them separately. If others have an interest in your policy (for instance joint holders, assignees or trustees) please draw this letter to their attention.

If you have taken out more than one of the policies that we propose to transfer, to save costs we will only write to you once. Please apply the contents of this letter to all proposed transferring policies.

If you require advice on the Transfer, it is recommended that you seek independent advice.

If you have any questions about this letter or the accompanying material, please call our helpline on 08451 44 55 66 and we'll be pleased to help. If you have any other query regarding your policy, please contact Abraxas.

We would once again stress that the terms and conditions of your policy will not change as a result of the Transfer and your policy will continue to be managed by Abraxas in the same way as before.

Yours faithfully

QBE Insurance (Europe) Limited