

16 December 2011

Dear Sir

**PEARL ASSURANCE LIMITED ("PEARL")
BA (GI) LIMITED ("BA(GI)")
INSURANCE BUSINESS TRANSFER**

As you may be aware, it is proposed that Pearl will transfer its entire non-life insurance business to BA(GI).

1. THE PROPOSAL

The transfer of the non-life insurance business of Pearl will be carried out under an insurance business transfer scheme (the "**Scheme**"). The Scheme can only enter into effect with the approval of the High Court under Part VII of the Financial Services and Markets Act 2000 (the "**Act**").

Pearl has made an application to the High Court for this order which is due to be heard by the Court on 22 March 2012. Provided the Court's approval is obtained, the transfer is expected to become effective on 31 March 2012.

Contracts of life insurance underwritten by Pearl are not included in the transfer and will be unaffected by the Scheme.

2. WHAT THIS MEANS FOR NON-LIFE POLICYHOLDERS/CEDANTS OF PEARL

On the Scheme coming into effect, BA(GI) will replace Pearl as the insurer/reinsurer under each transferring non-life insurance/reinsurance contract for which Pearl is currently the insurer/reinsurer.

Apart from this, the terms of such contracts will remain unchanged.

If a claim has been reported on a non-life policy with Pearl which was due to be handled by Pearl, this will continue to be dealt with by the same office and the same personnel on behalf of BA(GI).

Any person who alleges that he or she would be adversely affected by the carrying out of the Scheme is entitled to object in writing or be heard by the Court at the hearing of Pearl's application, as is the Financial Services Authority.

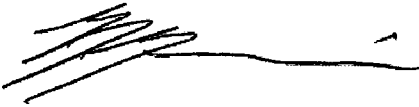
The application is directed to be heard before the Companies Court Judge at the Companies Court, The Rolls Building, 7 Rolls Building, Fetter Lane, London EC4A 1NL on 22 March 2012 and any person (including an employee of Pearl or BA(GI)) who alleges that he or she would be adversely affected by the carrying out of the Scheme is entitled to object in writing or may appear at the time of that hearing in person or by Counsel. Any person who intends to object in writing or so to appear and any insured or reinsured of Pearl or BA (GI) who objects to the Scheme but who does not intend to

object in writing or so to appear, is requested to give not less than two clear days' prior notice in writing of such intention or objection, and the reasons therefor, to Hogan Lovells International LLP (the solicitors acting for Pearl and BA(GI)) at Atlantic House, Holborn Viaduct, London, EC1A 2FG, quoting reference C1/JSS/TJG.

3. **FURTHER INFORMATION**

As required by the Act, an independent expert has produced a Report on the proposed transfer and has produced a First Supplementary Report. A copy of the Report, First Supplementary Report and a statement containing the terms of the Scheme and a summary of the Independent Expert's Reports are available at: <http://www.pearl.co.uk> (on the home page select 'Information Centre', click on 'Latest News' and select news item - 'Proposed Insurance Business Transfer of the Non-Life Business of Pearl Assurance Limited to BA (GI) Limited') and free of charge from Hogan Lovells International LLP, whose details are given in paragraph 2 above. A copy of the statement is also enclosed with this letter.

Yours faithfully



Mike Merrick

For and on behalf of
Pearl Assurance Limited

EXAMPLE