

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 DISPUTE PROCEDURES

SECTION I
PREAMBLE

1.1. These procedures apply to disputes that arise out of claims made with the SRUS estate (“Dispute Procedures”), pursuant to the Receiver’s Cedent Reinsurance Claims Procedures and General Claims Procedures (the “Claims Procedures”) filed with the Court on March 25, 2024. The Dispute Procedures are intended to provide a standardized and efficient process for the Receiver to evaluate disputed claims, resolve them if possible, and enable the Receiver to provide a tailored recommendation to the Court for an effective final determination process.

The Dispute Procedures begin after all claimants have submitted POCs to the Receiver and the Receiver has provided each claimant with an NOD as set forth in the Claims Procedures.

SECTION II
DEFINITIONS

2.1 Any term used in these Dispute Procedures that is not defined in this Section but is defined in the Claims Procedures shall have the meaning set forth therein. Any term used in these Dispute Procedures that is not defined in this Section or the Claims Procedures 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 Dispute Procedures, these terms shall have the following meanings:

- (a) “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.
- (b) “Cedent Reinsurance Claims” refers to a claim or claims by a Cedent against SRUS made under the Cedent Reinsurance Claims Procedures.
- (c) “Chancery Court” or “Court” refers to the Delaware Court of Chancery.
- (d) “Claims Procedures” refers to the definition of “Claims Procedures” as that term is defined in Section I – Preamble.
- (e) “Component Claim” refers to discrete claims under individual policies of insurance or Reinsurance Agreements which, collectively, are included in a claimant’s proof of claim.
- (f) “Component Claim Group” refers to the group of Component Claims assigned by the Receiver to be determined under a particular Dispute Determination Track.
- (g) “Dispute Determination Track” refers to the process through which the Receiver determines, using the mechanisms set forth in these procedures, a recommendation on a cedent’s claim(s) to be submitted to the Court for final determination.
- (h) “General Claims Procedures” refers to the procedures regarding the filing of Cedent Termination Claims, and all other claims not addressed in the Cedent Reinsurance Claims procedures.
- (i) “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).
- (j) “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.

- (k) “Reconciliation Disputes” refers to disputes that do not concern complicated issues of law or fact, in which the parties are unable to come to an agreement on the valuation of a claim (e.g. amount in dispute, proper offsetting, etc.).
- (l) “Reinsurance Claims Procedures” refers to the procedures regarding the filing of Cedent Reinsurance Claims, Non-Agreed POC Claims, and Disputed Pre-POC Claims.

SECTION III **DISPUTE EVALUATION PROCESS**

3.1 General Information

3.1.1 These Dispute Procedures, together with the Claims Procedures, and the procedures whereby the Court final determines a proof of claim, implement the claims, reporting, and hearing provisions of the DEUILA, including 18 *Del. C.* §§ 5913, 5915, 5917-18.

3.1.2 Upon Approval, these Dispute Procedures will govern all disputes arising under the Claims Procedures.

3.1.3 If at any point the Receiver and a claimant reach an agreement to resolve a dispute, the claim will be submitted to the Court for final determination as an agreed-upon claim, as described further in the Final Determination Procedures.

3.2 Receiver’s Supplemental Information Request

3.2.1 This Section addresses the process by which the Receiver may request information from claimants with disputed claims so the Receiver can further evaluate the claim in light of additional information, and permit the Receiver to organize and

route disputed claims to the most appropriate and efficient track for dispute resolution.

3.2.2 This process applies to disputes referenced in the Cedent Reinsurance Claims Procedures at Sections 3.2.2, 3.5.7, 3.6.9 and 3.6.10 and Section 3.2.3.3 of the General Claims.

3.2.3 The claimant may contest the Value or Priority Class of a Component Claim identified in the Receiver's NOD. Where that occurs, the Receiver will determine if the information provided by the claimant constitutes sufficient information to set forth the claimant's basis for the dispute with particularity, supported by material documentation.

3.2.4 If the Receiver requires additional information, the Receiver will request that information from the claimant. Failure to provide information requested by the Receiver is grounds for the claim to be denied.

SECTION IV DISPUTE ORGANIZATION PROCESS

4.1 Receiver's Assignment of Dispute Determination Tracks

4.1.1 The Receiver will assign one or more of a Claimant's disputed Component Claim(s) to the appropriate Dispute Determination Track in a "Component Claim Group."

4.1.2 There are three Dispute Determination Tracks: (1) Reconciliation Disputes; (2) Combined Disputes; and (3) Standard Disputes.

4.1.2.1 Reconciliation Disputes concern straightforward questions of claim valuation in which the parties are unable to come to an

agreement on the amount of a Component Claim, and do not implicate complex issues of law or fact.

4.1.2.2 Combined Disputes concern claims where the Receiver determines that multiple Component Claims share a material, common issue of law or fact in dispute, and that the early resolution of that issue would facilitate the final determination of the related claims. In such a circumstance, the Receiver may opt to group those Component Claims to submit to the Court for a determination on the disputed issue.

4.1.2.3 Standard Disputes concern Component Claims in which there are not material common issues of fact or law, and which do not constitute Reconciliation Claims.

4.2 Exchange of Documents for Hearing

4.2.1 To the extent not already provided, the claimant will provide the Receiver with every document that the claimant intends to rely on in support of its position for each Component Claim Group.

4.2.2 The Receiver will then provide the claimant with the information that the Receiver intends to rely on in support of its position for each Component Claim Group.

4.2.3 To the extent that a claimant seeks additional information from the Receiver, the claimant has the burden to demonstrate, with specificity, that the information being sought is (a) relevant and necessary for the evaluation of the

dispute and (b) why obtaining the information from the Receiver is the least burdensome method for the claimant to obtain the information being sought.

SECTION V HEARING PROCESS

5.1 Reconciliation Dispute Hearing Process

5.1.1. All Reconciliation Disputes will proceed to mandatory mediation consistent with the provisions in Section 6. If mediation is unsuccessful in resolving a Reconciliation Dispute, the Receiver will issue a recommendation to the Court for the disputed claim. The Court will then determine the claim consistent with the Final Determination Procedures.

5.2 Disputed Claims Hearing Process – Combined Disputes

5.2.1 For Combined Disputes, the Receiver will make application to the Court to determine the common issues of law or fact contained in a Combined Dispute.

5.2.2 The Receiver's application will include sufficient information to inform the Court of the matters to be determined, the basis for the request for a combined determination, and the manner in which the Receiver proposes the matter should be determined (e.g. briefing and affidavits, testimony or otherwise).

5.2.3 To the extent the Court agrees to hear the Combined Dispute, the Court shall determine the common issues of law and/or fact as submitted by the parties.

5.2.4 After a ruling is entered on the common issue(s) in dispute, or should the Court deny the Receiver's application, the Receiver will assign a claimant's

Component Claims¹ from the Combined Dispute into Component Claim Groups, and reassign each Component Claim Group either to the Reconciliation Group Track or the Standard Disputes Track.

5.2.5 Thereafter, those claims will proceed pursuant to Section 5.1 (Reconciliation Disputes) or 5.3 (Standard Disputes) of these Procedures.

5.3 Disputed Claims Hearing Process –Standard Dispute

5.3.1 For Standard Disputes, the Receiver will issue a recommendation to the Court for the disputed claim. The Court will then determine the claim consistent with the Final Determination Procedures.

5.3.2 Alternatively, the parties may agree to either (1) mediate the dispute pursuant to Section 6.1 of these Procedures; or (2) arbitrate the dispute pursuant to Section 6.2 of these Procedures.

SECTION VI

ALTERNATIVE DISPUTE RESOLUTION

6.1 Mediation

6.1.1 In addition to mandatory mediation for Reconciliation Disputes, the parties may agree to mediate their dispute.

6.1.2 If the Court provides a list of mediators for the purpose of these procedures, the parties must select the mediator from that list, except upon Order of Court. If the parties successfully resolve a disputed claim through mediation, the Receiver will issue a recommendation to the Court consistent with the agreed-upon

¹ To the extent the Combined Claim consists of more than one claimant, each claimant will be assigned separate Component Claim Groups.

resolution. The Court will then determine the claim consistent with the Final Determination Procedures.

6.1.3 If the parties are unable to resolve a disputed claim through mediation, the Receiver will issue a recommendation to the Court for the disputed claim. The Court will then determine the claim consistent with the Final Determination Procedures.

6.2 Arbitration

6.2.1 The parties may agree to arbitrate their dispute.

6.2.2 The terms of the arbitration shall be as agreed upon by the parties.

6.2.3 Agreement of the parties to arbitration constitutes agreement to treat the determination on arbitration as an agreed upon claim under Section 3.1.3 of these Procedures.

6.2.4 The Receiver will issue a recommendation to the Court consistent with the agreed-upon determination of the arbitrator(s). The Court will then determine the claim consistent with the Final Determination Procedures.