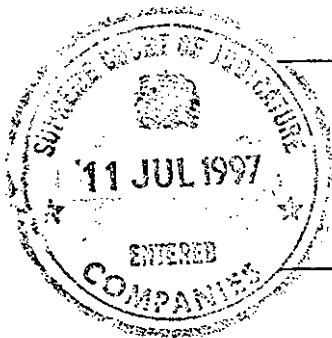


13855.

IN THE HIGH COURT OF JUSTICE No. of 1997
CHANCERY DIVISION
COMPANIES COURT

THE HONOURABLE MR JUSTICE EVANS-LOMBE
FRIDAY THE 11th JULY 1997

IN THE MATTER OF SOVEREIGN MARINE & GENERAL INSURANCE
COMPANY LIMITED
AND
IN THE MATTER OF THE INSOLVENCY ACT 1986



ORDER OF APPOINTMENT OF
JOINT PROVISIONAL LIQUIDATORS

UPON the application of Sovereign Marine & General Insurance Company Limited
("the Company").

AND UPON HEARING Counsel for the Company

AND UPON the Company undertaking through Counsel forthwith to present and
apply for the issue of the winding-up Petition and issue the application seeking the
appointment of Joint Provisional Liquidators to the Company.

AND UPON Michael Patrick Chitty, a director and secretary of the Company
undertaking through Counsel forthwith to swear and file his First and Second
affidavits in the proceedings

AND UPON READING the Petition to wind up the Company and the evidence.

IT IS ORDERED that Anthony James McMahon and Phillip Wedgwood Wallace
both of KPMG, 20 Farringdon Street, London, EC4A 4PP be appointed Joint
Provisional Liquidators of the Company until either the final determination of the
Petition or further Order of this Court in the meantime and that any act required or



authorised to be done by a provisional liquidator may be done by either or both of the above mentioned Joint Provisional Liquidators.

AND IT IS FURTHER ORDERED that the said Joint Provisional Liquidators shall have power to carry out the following functions namely:-

1. to locate, protect, secure, take possession of, collect and get in all the property or assets (of whatever nature) to which the Company is or appears to be entitled, such assets and property not to be distributed or parted with by the Joint Provisional Liquidators until further order except pursuant to the functions and powers hereby contained;
2. to locate, protect, secure, take possession of, collect and get in the books, papers and records of the Company including the accounting and statutory records;
3. to do all such things as may be necessary or expedient for the protection of the Company's property or assets;
4. to carry on the business of the Company to the extent necessary to process and settle claims against the Company and effect reinsurance recoveries (including but not limited to paying reinstatement premiums);
5. to enter into commutations with any creditors or debtors of the Company;
6. to consider, prepare and promote (including consultations with creditors) a scheme of arrangement pursuant to Section 425 of the Companies Act 1985 between the Company and its creditors or any class of them;
7. to nominate an informal creditors' committee from among members of the general body of creditors of the Company such informal creditors' committee to assist the Joint Provisional Liquidators in the discharge of their duties and, in particular, in the formulation of a scheme of arrangement pursuant to (6) above;

8. to finalise the terms of a scheme of arrangement and explanatory statement to be issued to the Company's creditors, or any class of them, and on being reasonably satisfied that such scheme has a reasonable prospect of being approved by the requisite majority of creditors and sanctioned by the Court and subject to such approval and sanction, to implement such scheme;
9. to investigate the affairs of the Company and obtain such information as is necessary to locate, protect, secure, take possession of, collect and get in the assets of the Company or to further a scheme of arrangement;
10. to pay any employees of the Company or of any other company or entity concerned in the business of the Company as they think fit, and dismiss any such employees;
11. to continue to operate the existing bank accounts of the Company and to open and operate new bank accounts (whether within or outside the jurisdiction) as appropriate and to pay monies into such accounts and authorise payments from such accounts;
12. to discharge rent as agent of the Company and other current expenses of the Company;
13. to incur and pay normal administrative expenses of the Company and to pay any other payments which are necessary or incidental to the performance of the Joint Provisional Liquidators' duties and functions;
14. to incur and to pay out of the Company's assets of such sums as may be necessary to discharge any professional, legal and accounting advisers' costs, charges and expenses incurred by the Policyholders Protection Board in connection with its agreement to be bound by a scheme of arrangement under Section 425 of the Companies Act 1985 between the Company and its creditors and to give undertakings that the Company will meet such sums;
15. to enter into agreements with third parties for the provision of run-off and related services to the Company in relation to the Company's insurance and reinsurance business and, to this end, to subscribe for shares in a corporate vehicle established for this purpose, to appoint or to procure the

appointment of one or more directors to the board of directors of the said corporate vehicle and to enter into agreements or arrangements with the other shareholders of the said corporate vehicle with respect to the business and control of the said corporate vehicle;

16. to subscribe for shares in a new company as a wholly owned subsidiary of the Company for the purposes of employing within the said new company those persons whom the Joint Provisional Liquidators identify as being necessary for the purpose of running-off the Company's insurance and reinsurance business, as well as for such other ancillary or administrative purposes as the Joint Provisional Liquidators may deem appropriate and, to this end, to appoint or, alternatively, procure the appointment of directors to the board of the said new company;
17. to employ (whether directly or through the agency of any other person, firm or company) and reimburse a third party for the cost of the employment of staff or other personnel to process claims made against the Company and to supervise the current run-off of the Company;
18. to grant or accept a surrender of a lease or tenancy of any of the property of the Company and to take a lease or tenancy of any property required or convenient for the business of the Company;
19. to execute legal charges by way of security over any bank account maintained by the Joint Provisional Liquidators into which the Joint Provisional Liquidators may deposit funds to discharge any professional, legal and accounting advisers' costs, charges and expenses incurred by the Policyholders Protection Board in connection with its agreement to be bound by a scheme or arrangement under Section 425 of the Companies Act 1985 between the Company and its creditors;
20. to terminate complete or perfect as advised any contracts or transactions relating to the business of the Company including, without prejudice to the generality of this power, to cancel any policy or policies of insurance;
21. to effect any insurance in connection with the management and maintenance of the business, property and assets of the Company;

22. to bring or defend or intervene in any action or other legal proceedings whether in their own names or in the name and on behalf of the Company including, for the avoidance of doubt, the giving of any indemnity or cross undertaking in damages as may be necessary or if required and including proceedings outside as well as within the jurisdiction and, if necessary, proceedings in the United States Bankruptcy Court for relief under the United States Bankruptcy Code;
23. In the name and on behalf of the Company to do all acts and to execute all deeds receipts or other documents and for that purpose using when necessary the Company's seal;
24. to engage and retain and/or employ (whether within or outside the jurisdiction) any surveyors, solicitors, Counsel, lawyers, accountants, investment advisors, actuaries, run-off and claims consultants, loss adjusters and/or other qualified persons to assist them in the performance of their duties and functions and in particular to prepare such reports as the Joint Provisional Liquidators may consider necessary in connection with the scheme of arrangement;
25. to rank and claim in the bankruptcy, liquidation or insolvency of any person (including but not limited to any body corporate) indebted to the Company and to receive dividends, and to accede to trust deeds for the creditors of any such person;
26. to change the situation of the Company's registered office;
27. to pay premiums due or to become due under contracts of reinsurance entered into by the Company and to enter into new and/or replacement contracts of reinsurance for the protection of the Company in relation to liabilities of the Company under current policies of insurance or reinsurance issued by the Company;
28. sell or otherwise dispose of the property of the Company by public auction or private treaty; and
29. to do all things incidental to the exercise of the foregoing powers.

AND IT IS FURTHER ORDERED that the Second Affidavit of Michael Patrick Chitty to be sworn herein on the 11th day of July 1997 and the exhibits thereto shall not be open to inspection without leave of the Court pursuant to the provisions of Rule 7.31(5) of the Insolvency Rules 1986;

AND IT IS FURTHER ORDERED that no disposition of the Company's property by or with the authority of the Joint Provisional Liquidators in either case in the carrying out of their duties and functions and the exercise of their powers under this Order shall be avoided by virtue of the provision of Section 127 of the Insolvency Act 1986;

AND IT IS FURTHER ORDERED that the remuneration of the Joint Provisional Liquidators shall be payable from time to time by reference to the time spent by them and by employees of KPMG under their control on the basis of that firm's usual rates for the type of work involved, together with any expenses incurred in connection therewith and any applicable Valued Added Tax;

AND IT IS FURTHER ORDERED that the costs of the Company in this application and the costs of the Company in its petitioning to wind the Company up be paid as costs in the petition;

AND IT IS FURTHER ORDERED that the Joint Provisional Liquidators be given liberty to apply to the Court for such further orders or directions as may be necessary or appropriated;



Dated the day of 1997

No of 1997

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CHANCERY DIVISION
COMPANIES COURT

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LOMBE
FRIDAY THE 11th JULY 1997

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ACT 1986

COPY

~~MINUTE OF~~ ORDER OF APPOINTMENT
OF JOINT PROVISIONAL LIQUIDATORS

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Solicitors to the Applicant