

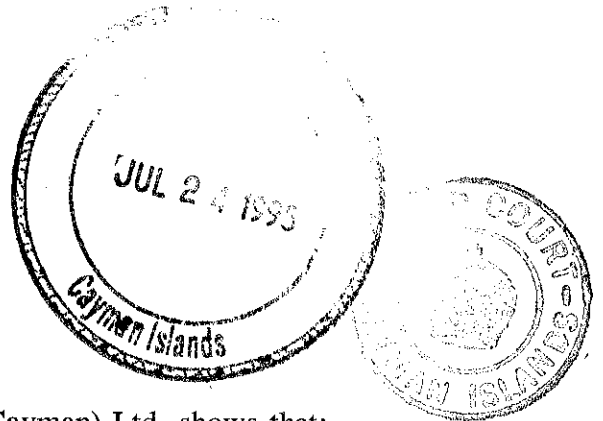
IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. 321 OF 1995

IN THE MATTER OF THE COMPANIES LAW (REVISED)

AND IN THE MATTER OF MULTIHOSPITAL MUTUAL INSURANCE (CAYMAN) LTD

PETITION

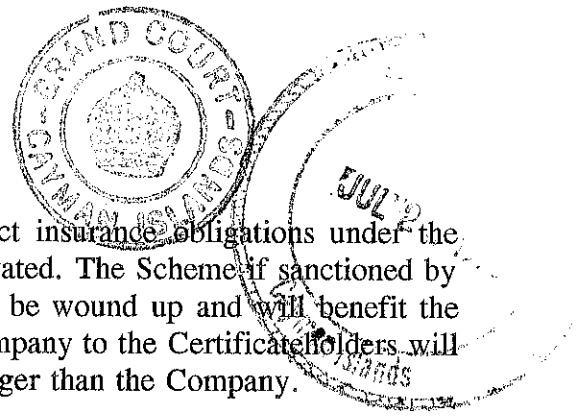


TO: The Grand Court

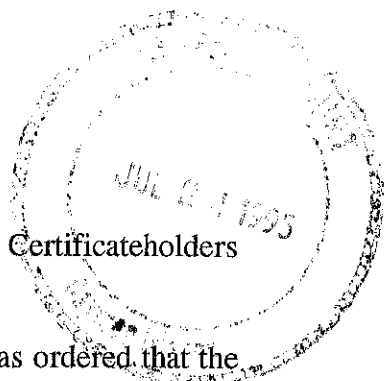
The Humble Petition of Multihospital Mutual Insurance (Cayman) Ltd. shows that:

1. The object of this Petition is to seek the sanction of this Honourable Court to a scheme of arrangement (the "Scheme") under Section 85 of the Companies Law (Revised) between the above named Multihospital Mutual Insurance (Cayman) Ltd (the "Company") and the holders and insureds (the "Certificateholders") of policies of professional liability insurance (the "Policies") written by the Company on a direct basis from its incorporation up to and including 31st December, 1982.
2. The Company was incorporated on 12th July, 1976 and registered under the Companies Law (Revised) as an exempted company limited by guarantee. The registered office of the Company is situated at the offices of Maples and Calder, P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman.
3. The objects for which the Company was established are set out in its Memorandum of Association. The principal activity of the Company was to carry on liability and malpractice insurance and reinsurance for physicians.
4. The Company was incorporated in 1976 by a group of healthcare institutions in response to the growing problems of availability and cost of medical malpractice insurance for hospitals and doctors. The Company was established to provide medical malpractice insurance for affiliated physician groups. The Company ceased writing direct insurance in 1982 and ceased writing indirect insurance business in 1984. Since 1984 the Company has been running off its business under the direction of its Directors and Members. The Directors and Members have determined that following the running off of the majority of the business of the Company, it is appropriate for the Company to be wound up. The

liabilities of the Company in relation to its indirect insurance obligations under the reinsurance agreements have been commuted or novated. The Scheme if sanctioned by this Honourable Court will permit the Company to be wound up and will benefit the Certificateholders because the obligations of the Company to the Certificateholders will be assumed by a company which is financially stronger than the Company.

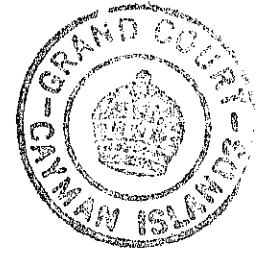


5. MMI Companies, Inc. ("MMI") was incorporated in 1983 to write the medical malpractice insurance which was previously written by the Company and certain other affiliates of MMI. American Continental Insurance Company ("ACIC") is an insurance corporation organised under the laws of the State of Missouri and is a subsidiary of MMI. The Company wishes to transfer all of its liabilities and obligations to ACIC in order that the Company may place itself in voluntary liquidation and distribute its remaining assets. The Company entered into an agreement on 1st April, 1995 with ACIC (the "Assumption Agreement") under which ACIC agreed to accept, assume, perform, observe and satisfy all of the terms, covenants, conditions, liabilities and obligations (contingent or otherwise) under the Policies (collectively the "Insurance Obligations"). Under the Assumption Agreement, the Company is released and discharged by ACIC from all liabilities and obligations (contingent or otherwise) in respect of the Insurance Obligations. A condition of the Assumption Agreement is the sanctioning of the Scheme by this Honourable Court.
6. In order to transfer the Policies to ACIC and for the Insurance Obligations to be assumed by ACIC without further recourse to the Company, the consent of the Certificateholders to such transfer and assumption is required. There are 887 Certificateholders located in the United States of America. As obtaining the consent of each Certificateholder individually in respect of each Policy would pose considerable administrative difficulty due to the large number of Certificateholders and the date on which the Policies were issued, the Scheme was proposed in order that all Certificateholders are given an opportunity to vote on the transfer and assumption. The acceptance by the requisite majority of Certificateholders voting on the Scheme and the sanction of this Honourable Court will bind all Certificateholders. The Scheme is intended to be a mechanism to obtain approval from all of the Certificateholders of the assumption by ACIC of the Insurance Obligations from the Company in order that the transfer of the Insurance Obligations can be made effective. Following the transfer of the Insurance Obligations, the Company will be placed in voluntary liquidation and its assets distributed.
7. Under the Scheme, the Certificateholders will consent to all of the Insurance Obligations previously owed by the Company being transferred to and assumed by ACIC. Provided that the Scheme receives the sanction of this Honourable Court and the other conditions to the Assumption Agreement are satisfied, the Insurance Obligations will be transferred to and assumed by ACIC and the Company shall have no further liability under the Insurance Obligations. Under the Scheme, the Certificateholders shall agree that after the Effective Date (as defined in the Scheme) they shall only have recourse to ACIC



under the Policies. The terms of the Policies and the rights of the Certificateholders thereunder shall otherwise be unaffected by the Scheme.

8. By Order of this Honourable Court made on the 23rd May, 1995 it was ordered that the Company should convene meetings of the Certificateholders for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme, and the Court appointed, inter alia, Eldon B. Hickman, M.D. to act as Chairman of the said meeting and directed him to report the results thereof to the Court.
9. On 15th July, 1990 a meeting of the Certificateholders duly convened in accordance with the said Order was held at the Hyatt Regency Hotel, Dallas Fort Worth Airport, Texas and the said Eldon B. Hickman, M.D. presided as Chairman of the meeting.
10. The number of Certificateholders present and voting in person or by proxy at the said meeting and the value held by such Certificateholders are set out in the first column of the table below. The resolution submitted at the said meeting was that the Scheme should be approved and it was so approved. The votes given for and against the resolution that the Scheme be so approved at the meeting was as stated in the second and third columns of the said table.
11. A copy of the Scheme is contained in the Schedule hereto.



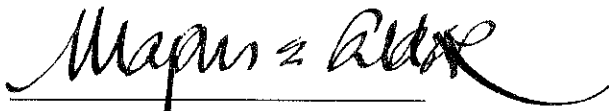
How Present	Present and Voting		Voted for the Resolution		Voted Against the Resolution	
	No.	Value represented	No.	Shares represented	No.	Shares represented
In person	4	\$11,917,156	4	\$11,917,156	0	0
By Proxy	153	\$517,809,378	153	\$517,809,378	0	0
Totals	157	\$529,726,534	157	\$529,726,534	0	0

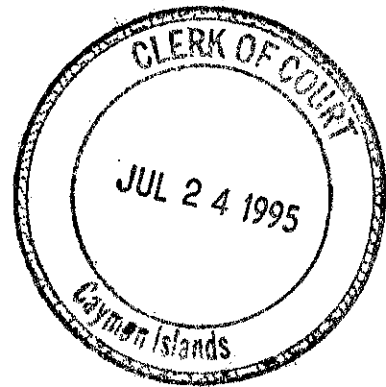
YOUR PETITIONER THEREFORE HUMBLY PRAYS as follows:

- (1) That the Scheme may be sanctioned by the Court so as to be binding on the Company and the Certificateholders.
- (2) That the Court make such further orders or directions as it thinks fit.

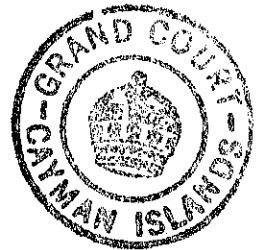
AND your Petitioner will ever pray, etc.

DATED this 24th day of July, 1995


Maples and Calder



NOTE: It is not intended to serve this Petition on any person.



This Petition is filed by Maples and Calder whose address for service is P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, attorneys-at-law for the Petitioner.

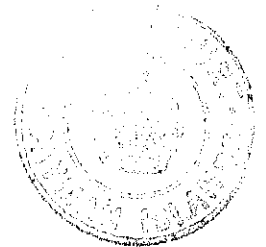
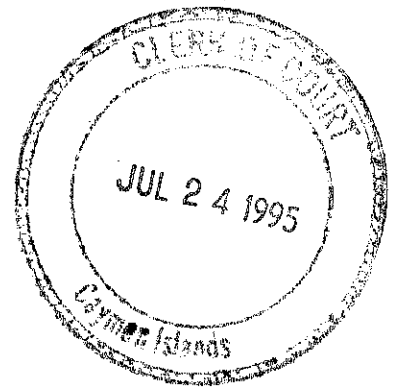
IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. OF 1995

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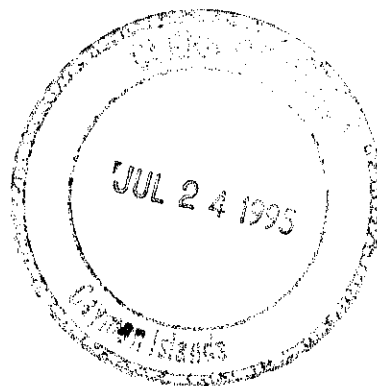
AND IN THE MATTER OF MULTIHOSPITAL MUTUAL INSURANCE (CAYMAN) LTD

SCHEDULE TO THE PETITION



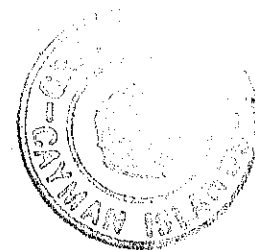
MULTIHOSPITAL MUTUAL INSURANCE (CAYMAN) LTD.

SCHEME OF ARRANGEMENT



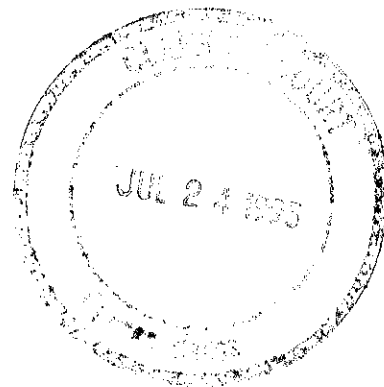
SCHEME DOCUMENT

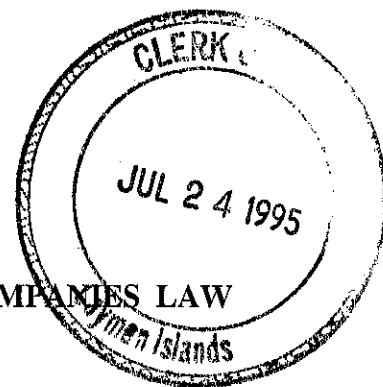
MAPLES AND CALDER
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Grand Cayman
Cayman Islands
Tel: 809-949-8066
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**SCHEME OF ARRANGEMENT UNDER SECTION 85 OF THE COMPANIES LAW
(REVISED)**

MULTIHOSPITAL MUTUAL INSURANCE (CAYMAN) LTD.

1. Definitions

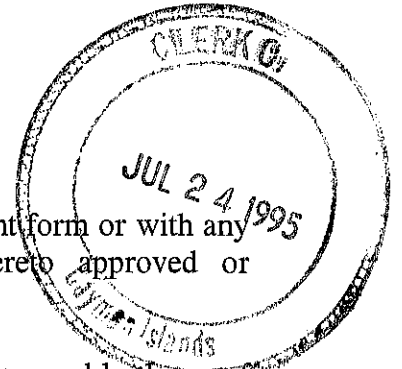
1.1 In the Scheme, unless inconsistent with the subject or the context, the following words shall have the meaning set out opposite them:

"ACIC"	American Continental Insurance Company, an insurance corporation organised under the laws of the state of Missouri
"Certificateholder"	a person holding or insured under a Policy
the "Court"	Grand Court of the Cayman Islands
the "Effective Date"	the date on which an office copy of the order of the Court sanctioning the Scheme shall have been delivered to the Registrar of Companies for registration pursuant to Section 85(3) of the Law
the "Explanatory Statement"	the explanatory statement in relation to the Scheme
the "Insurance Obligations"	the terms, covenants, conditions, liabilities and obligations (contingent or otherwise) under the Policies
the "Law"	the Companies Law (Revised) of the Cayman Islands as amended and every statutory modification or re-enactment thereof for the time being in force
"MMI Cayman"	Multihospital Mutual Insurance (Cayman) Ltd., a company incorporated in the Cayman Islands with registered number 126011 whose registered office is at P.O. Box 309, Uglund House, Grand Cayman, Cayman Islands, British West Indies
the "Policies"	the policies of professional liability insurance written by MMI Cayman for physicians on a direct basis from its incorporation up to and including 31st December, 1982

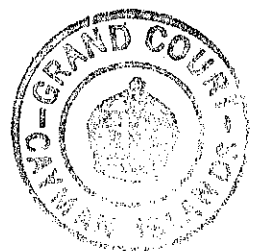


the "Scheme" this scheme of arrangement in its present form or with any modification thereto or addition thereto approved or imposed by the Court

the "Statutory Meeting" the meeting of the Certificateholders convened by leave of the Court pursuant to Section 85(1) of the Law



- 1.2 In the Scheme:
- (a) references to paragraphs are references to paragraphs of the Scheme;
 - (b) the singular includes the plural and vice versa and the masculine and neuter include each other and the feminine; and
 - (c) headings to paragraphs are for ease of reference only and shall not affect the interpretation of the Scheme.
2. The Certificateholders hereby consent to the transfer to ACIC and assumption by ACIC of the Insured Obligations upon terms that ACIC accepts and assumes and agrees to accept, assume, perform, observe and satisfy all of the Insurance Obligations and the Policies.
3. Cessation of liability
- 3.1 The Certificateholders agree that the Certificateholders' rights to enforce claims against MMI Cayman shall cease upon the sanction by the Court of the Scheme. Whether MMI Cayman is in winding up or otherwise in the Cayman Islands or elsewhere, no Certificateholder shall take any action against MMI Cayman or its assets in order to enforce or secure any claim under any Policy. Without limiting the generality of the foregoing, Certificateholders shall not commence or continue any proceedings, distraint, execution or other legal process or self-help remedy against MMI Cayman in any jurisdiction.
- 3.2 Nothing in this paragraph 3 shall prevent any Certificateholder from making any claim against ACIC in respect of a Policy, and/or the in respect of any Insured Obligations transferred to and assumed by ACIC.
4. Terms and Policies Unaffected
- Notwithstanding Clause 3, no other term of the Policies shall be altered, amended or affected by this Scheme of Arrangement and the Certificateholders will have the same rights under the Policies after the Effective Date against ACIC as they would have had



against MMI Cayman prior to the Effective Date had they brought a claim against MMI Cayman prior to the Effective Date.



5. Effective Date

The Scheme shall become effective on the Effective Date.

6. Information

The Certificateholders consent to any records, books, accounts, papers or other information held by MMI Cayman in respect of any Policy being transferred to ACIC.

7. Costs and Expenses

All legal, accounting, Court related and other costs, charges and expenses incurred by MMI Cayman in connection with the negotiation, preparation and implementation of the Scheme are to be paid by MMI Cayman. MMI Cayman is not responsible for the expenses of Certificateholders in attending the Statutory Meeting.

8. Notices

Any notice or demand hereby or by law authorised or required to be given shall be sufficiently given by posting the same by ordinary air mail to or by fax, or leaving the same at, in the case of MMI Cayman, Midland Bank Trust Corporation (Cayman) Ltd. and, in the case of any other party, its last address notified or known to MMI Cayman. If such notice or demand is posted to an address within the Cayman Islands, it shall be deemed to have been received by the addressee on the following day or, if the following day is a Sunday or a public holiday, on the next day on which postal deliveries are made.

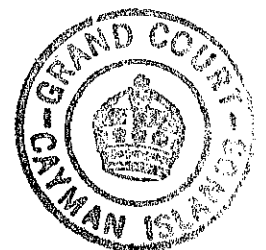
If posted to an address outside the Cayman Islands it shall be deemed to have arrived five days after the date of posting. A notice of the Statutory Meeting will also be published in the Wall Street Journal and the Journal of the American Medical Association.

9. Modifications

MMI Cayman may consent on behalf of Certificateholders to any modification of the Scheme or any terms or conditions which the Court may think fit to approve or impose.

10. Explanatory Statement

In the event of a conflict or inconsistency between the terms of the Scheme and the terms of the Explanatory Statement, the terms of the Scheme shall prevail.



11. Jurisdiction

This Scheme shall be subject to Cayman Islands law and the Certificateholders shall submit to the exclusive jurisdiction of the Cayman Islands Courts.

Eldon B Hickman

