

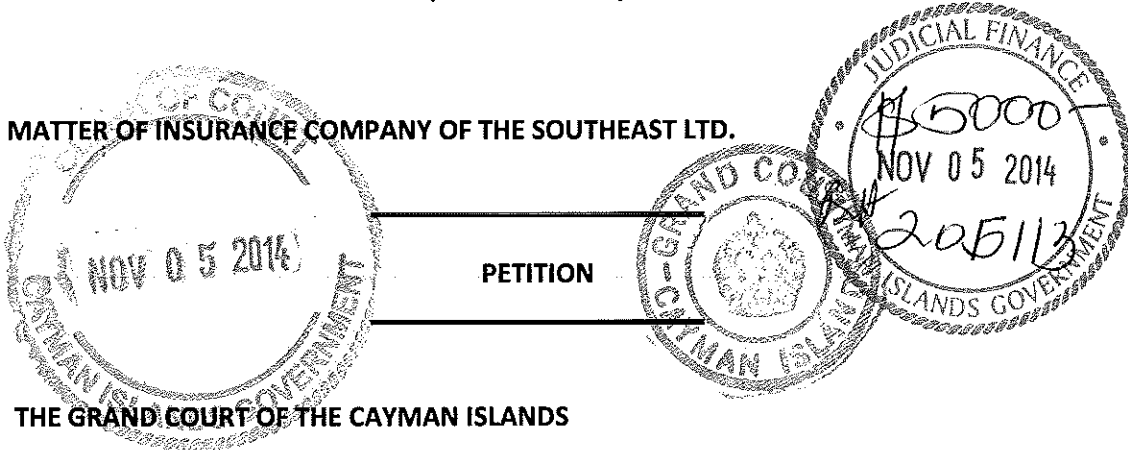
**IN THE GRAND COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION**

0118  
CAUSE NO. FSD OF 2014 ( )

**IN THE MATTER OF THE COMPANIES LAW (2013 REVISION)**

**AND**

**IN THE MATTER OF INSURANCE COMPANY OF THE SOUTHEAST LTD.**



**TO: THE GRAND COURT OF THE CAYMAN ISLANDS**

The humble petition of Insurance Company of The Southeast Ltd. ("ICSE") of c/o Aon Insurance Managers (Cayman) Ltd., 94 Solaris Avenue, 2<sup>nd</sup> Floor, Camana Bay, PO Box 69, KY 1-1102, Cayman Islands shows that:

1. The object of this Petition is to seek the sanction of the Court for a Scheme of Arrangement (the "Scheme") pursuant to Sections 86 and 87 of the Companies Law (2013 Revision) (the "Law") between the above named ICSE and the sole shareholder of ICSE, Health Management Associates, Inc. ("HMA"), for the merger of ICSE with Community Insurance Group SPC Ltd. ("CIG").
2. CHS/Community Health Systems, Inc. ("CHS") is one of the leading operators of general acute-care hospitals in the United States and was founded in 1985.
3. In January 2014, CHS completed the acquisition of Health Management Associates, Inc. ("HMA") which owns and operates through its subsidiaries over 42 hospitals throughout the southeast and southwest areas of non-urban America and conducts other healthcare related operations.

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**THIS PETITION** was FILED by **SOLOMON HARRIS** of 3<sup>rd</sup> Floor, FirstCaribbean House, P.O. Box 1990, Grand Cayman, KY1-1104, Cayman Islands, Attorneys-at-law for and on behalf of the Petitioner whose address for service is that of its said Attorneys-at-law.

4. ICSE is a Cayman Islands captive insurance company incorporated on 22 August 2002. The present authorised share capital of ICSE is US\$3,000,000 divided into 3,000,000 ordinary shares, each share having a par value of US\$1.00. 3,000,000 ordinary shares have been issued (all to HMA) and are fully paid.
5. CIG is a Cayman Islands captive insurance company, which is registered as a segregated portfolio company, originally incorporated as a regular exempted company on 28 April 2003 under the name Community Insurance Group, Ltd. CIG converted to a segregated portfolio company and changed its name to its current name on 10 March 2005. The present authorised share capital of CIG is US\$1,000,000 divided into 7,500 ordinary shares and 2,500 preference shares, each share having a par value of US\$100.00. 1,200 ordinary shares have been issued (all to CHS) and are fully paid.
6. The acquisition of HMA has resulted in CHS now owning and controlling two captive insurance companies, i.e. CIG and ICSE. CHS owns the entire issued share capital of CIG. CHS also owns the entire issued share capital of HMA, which in turn owns the entire issued share capital of ICSE. ICSE is HMA's existing captive insurance company, and at the time HMA was acquired by CHS, ICSE was also acquired by CHS as a result of the acquisition of HMA.
7. CIG holds an unrestricted Class B Insurer's Licence under the Insurance Law (2008 Revision) of the Cayman Islands. CIG insures or reinsures the various risks of CHS, certain affiliate healthcare facilities and employees thereof. CIG also in the past provided a program of employers' liability insurance. CIG continues to operate its programs.

8. ICSE holds a Class B Insurer's Licence under the Insurance Law, 2010 of the Cayman Islands. ICSE insures on a direct basis part of the excess risk of hospital Medical Professional Liability, General Liability and Employed Physician Liability of the hospitals affiliated with HMA.
9. CHS continues to develop and consolidate its operations and now wants to rationalize its captive insurance program within a single captive insurance company by merging the residual operations of the business and undertaking of ICSE ("ICSE Residual Operations") into CIG, transferring all of ICSE's liabilities ("ICSE Liabilities") to CIG and dissolving ICSE. Through consolidation of the insurance program and simplification of the administration and management process, CIG will be able to provide more efficient and cost effective insurance coverage to all of its insureds. The directors of CIG and ICSE therefore consider that the merger is in the best interests of both CIG and ICSE and all of the parties participating in these insurance programs provided by these entities. The rights and interests of the creditors and policyholders of ICSE and CIG will not be detrimentally affected by the Scheme.
10. The proposed Scheme has the following features, *inter alia*:
  - 10.1. The merger will be implemented by a scheme of arrangement between ICSE and HMA pursuant to Sections 86 and 87 of the Law for a merger of ICSE with CIG.
  - 10.2. When the Scheme becomes effective ("Effective Date"), the ICSE Residual Operations will be merged into CIG. On the Effective Date and subject to the order of the Court, CIG shall, pursuant to section 87(i)(a) of the Law, assume the ICSE Liabilities, whether relating to a period before or after the Effective Date, and shall discharge the ICSE Liabilities in accordance with the relevant obligations relating thereto, and as from and

including the Effective Date, ICSE shall have no continuing obligations in relation to any of the ICSE Liabilities.

10.3. ICSE will become a dormant company and within 60 days after the Effective Date and subject to the Order of the Court, ICSE will be dissolved.

**YOUR PETITIONER THEREFORE HUMBL Y PRAYS:**

1. That the Scheme set out in the Affidavit in support to be filed herein be sanctioned by the Court so as to be binding on ICSE and its sole shareholder, HMA;
2. Such other Orders as this Honourable Court deems fit.

**AND** your Petitioner will ever pray etc.,

**DATED** the                      day of November 2014

*Solomon Harris*

**SOLOMON HARRIS**  
**ATTORNEYS-AT-LAW FOR THE**  
**PETITIONER**

**NOTE:**                      It is intended that this Petition be served on the Registrar of Companies

**TIME ESTIMATE:**        The estimated length of the hearing of this Petition is 30 minutes.

**NOTICE OF HEARING**

This Petition having been presented to the Court on the \_\_\_\_\_ day of November 2014 will be heard at the Court House, George Town, Grand Cayman on the \_\_\_\_\_ day of \_\_\_\_\_ 2014 at a.m./p.m. or as soon thereafter as the Petition can be heard.