

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION



CAUSE NO. FSD ²⁰⁴ OF 2019 ()

IN THE MATTER OF SECTIONS 86 AND 87 OF THE COMPANIES LAW (2018 REVISION)
AND IN THE MATTER OF BON SECOURS ASSURANCE COMPANY, LTD.



PETITION



TO: THE GRAND COURT OF THE CAYMAN ISLANDS

THE HUMBLE PETITION OF BON SECOURS ASSURANCE COMPANY, LTD. ("BSAC") of c/o Aon Insurance Managers (Cayman) Ltd., 18 Forum Lane, 2nd 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 (2018 Revision) (the "Law") between the above named BSAC and the sole shareholder of BSAC, Bon Secours Mercy Health, Inc ("BSMH"), for the merger of BSAC with Mercy Health Insurance Company (SPC), Ltd. ("MHIC").
2. In September 2018 US healthcare systems Mercy Health (the parent company of MHIC) and Bon Secours Health System Inc combined their healthcare ministries. The newly combined ministry is known as BSMH and is one of the largest health care systems in the United States with 43 hospitals, thousands of providers, over 1,000 points of care and 57,500 employees across seven States. As result of the consolidation, Mercy Health and BSMH came under common control.
3. The merger has resulted in BSMH now owning and controlling (directly or indirectly) two Cayman Islands captive insurance companies, i.e. MHIC and BSAC. Mercy Health owns the entire issued share capital of MHIC. BSMH in turn owns the entire issued share

capital of BSAC.

4. BSAC is a Cayman Islands captive insurance company incorporated on 31 January 1994. The present authorised share capital of BSAC is US\$900,000 divided into 900,000 ordinary shares each share having a par value of US\$1.00. 120,000 Ordinary Shares have been issued (all to BSMH) and are fully paid.
5. MHIC is a Cayman Islands captive insurance company, registered as a segregated portfolio company, and was originally incorporated on 16 December 1998 as a regular exempted company under the name CHP Insurance, Ltd. MHIC changed its name to CHP Insurance (SPC), Ltd. on 8 November 2013 upon registration as a segregated portfolio company and to its current name on November 7, 2017. The present authorised share capital of MHIC is US\$170,000 divided into 120,000 ordinary shares and 50,000 segregated portfolio shares, each share having a par value of US\$1.00. 120,000 ordinary shares have been issued (all to Mercy Health) and are fully paid.
6. BSAC holds a Class B(i) Insurer's licence under the Insurance Law, 2010.
7. MHIC holds a Class B(i) Insurer's licence under the Insurance Law, 2010.
8. BSMH continues to develop and consolidate its operations and now wants to rationalise its captive insurance program within a single captive insurance company by merging the residual operations of the business and undertaking of BSAC ("BSAC Residual Operations") into MHIC, transferring all of BSAC's liabilities ("BSAC Liabilities") to MHIC and dissolving BSAC. Through amalgamation of the existing insurance programs into a single insurance program and simplification of the administration and management process, MHIC will be able to provide more efficient and cost effective insurance coverage to all of its insureds.
9. The directors of MHIC and BSAC therefore consider that the merger is in the best interests of both MHIC and BSAC and all of the parties participating in these insurance programs provided by these entities. The rights and interests of the creditors and policyholders of BSAC and MHIC 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 BSAC and BSMH pursuant to Sections 86 and 87 of the Law for a merger of BSAC with MHIC.

10.2. When the Scheme becomes effective ("Effective Date"), the BSAC Residual Operations will be merged into MHIC. On the Effective Date and subject to the order of the Court, MHIC shall, pursuant to section 87(i)(a) of the Law, assume the BSAC Liabilities, whether relating to a period before or after the Effective Date, and shall discharge the BSAC Liabilities in accordance with the relevant obligations relating thereto, and as from and including the Effective Date, BSAC shall have no continuing obligations in relation to any of the BSAC Liabilities.

10.3. BSAC will become a dormant company and will be dissolved on the Effective Date.

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 BSAC and its sole shareholder, BSMH; and
2. Such other Orders as this Honourable Court deems fit.

And your Petitioner will ever pray etc.

Dated this ^{14th} day of November 2019



Conyers Dill & Pearman
Attorneys-at-Law for the Petitioner herein

TIME ESTIMATE: 30 minutes

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

This Petition is presented by Conyers Dill & Pearman, for and on behalf of the Petitioner, of P. O. Box 2681, Cricket Square, Hutchins Drive, Grand Cayman, KY1-1111, Cayman Islands

Notice of Hearing

This Petition, having been presented to the Court on the _____ day of _____, 2019, will be heard at the Law Courts, George Town, Grand Cayman on the _____ day of _____, 2019 at _____ a.m. or as soon thereafter as the Petition can be heard.