

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. 484 OF 1995

In the matter of
THE COMPANIES LAW (1995 REVISION)

-and-

In the matter of
**CONSOLIDATED SURETY & INSURANCE
COMPANY**

PETITION

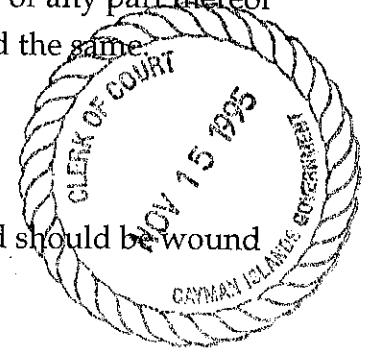
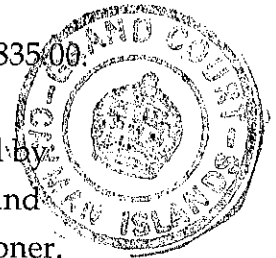


To: The Grand Court

The humble Petition of Transit Casualty Company (In Receivership) of 2029 Century Park East, Suite 200, Los Angeles, California, 90067, United States, shows that:-

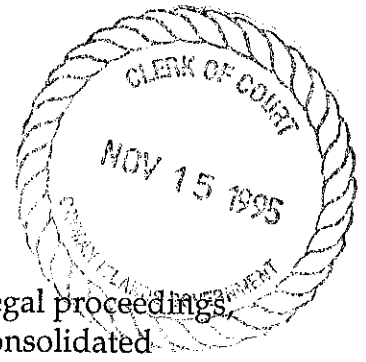
1. Consolidated Surety & Insurance Company ("Consolidated") was incorporated on the 19th day of March, 1982, under the Companies Law as an exempted Company.
2. Consolidated has its registered office at the offices of Maples and Calder, Ugland House, South Church Street, P.O. Box 309, Grand Cayman, B.W.I.
3. As Consolidated has exempted status, your Petitioner is unable to ascertain its nominal capital, into how many shares of what par value this has been divided, or the amount of the capital paid up or credited as paid up.
4. As your Petitioner is not a member of Consolidated it does not have access to its memorandum of association and is therefore unable to ascertain the principal objects for which Consolidated was established as set out therein. However it is known that, *inter alia*, Consolidated was at all material times providing reinsurance services by way of business.

5. Consolidated is indebted to your Petitioner in the sum of US\$390,835.00 by way of sums which arose under certain reinsurance agreements made between your Petitioner and Consolidated whereby Consolidated agreed, *inter alia*, to reinsure certain insurance policies written by your Petitioner in consideration of payment by your Petitioner to Consolidated of a portion of the gross premiums written on the said policies. The said sum is due in respect of moneys paid or obligated to be paid by your Petitioner to satisfy claims made under the said policies over the period from the 3rd day of December, 1985 to the 10th day of August, 1995 inclusive.
6. On the 10th day of August, 1995, your Petitioner served on Consolidated by leaving it at Consolidated's registered office a statutory demand in the prescribed form requiring Consolidated to pay the said sum of US\$390,835.00.
7. On the 11th day of August, 1995 your Petitioner served on Consolidated by leaving it at Consolidated's registered office a schedule to the said demand containing full particulars of Consolidated's indebtedness to your Petitioner.
8. Over 3 weeks have now elapsed since your Petitioner served the said demand but Consolidated has neglected to pay or satisfy the said sum or any part thereof or to make any offer to your Petitioner to secure or compound the same.
9. Consolidated is unable to pay its debts.
10. In the circumstances, it is just and equitable that Consolidated should be wound up.



YOUR PETITIONER THEREFORE HUMBL Y PRAYS THAT:-

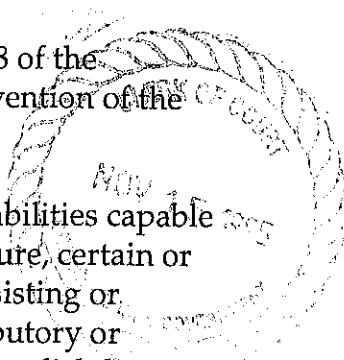
- (1) Consolidated may be wound up by the Court under the provisions of the Companies Law (1995 Revision).
- (2) George Theodore Lanyon Bullmore and Alan Michael Brooks of KPMG Peat Marwick be appointed Official Liquidators of Consolidated with power to act jointly and severally.
- (3) The Official Liquidators shall not be required to give security for their appointment.



(4) The Official Liquidators shall have power:-

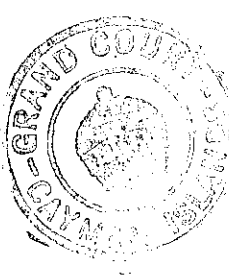
- (a) to bring or defend any action, suit, prosecution or other legal proceedings, whether criminal or civil, in the name and on behalf of Consolidated including but without prejudice to the generality of the foregoing:
 - (i) petitioning to wind up and seek the appointment of liquidators (provisional or final) of any company in the event that the Official Liquidators are persons capable of presenting any such petition under the Companies Law (1995 Revised) or any other Law in any jurisdiction;
 - (ii) obtaining any injunctive relief whether restrictive or mandatory which the court granting such relief considers appropriate for the protection of the assets of Consolidated;
- (b) to take possession of, collect and get in all property or assets (of whatever nature) to which Consolidated is or appears to be entitled;
- (c) to do all things as may be necessary or expedient for the protection of the Consolidated's assets;
- (d) to do all things (including the carrying on of the business of Consolidated) so far as may be necessary or expedient for the beneficial realisation of the property or assets of Consolidated (including power to borrow money);
- (e) to appoint attorneys, solicitors and other professional qualified persons both in the Cayman Islands and elsewhere to assist them in the performance of their duties;
- (f) to appoint agents both in the Cayman Islands and elsewhere to do any business which they are unable to do themselves or which can more conveniently be done by an agent and power to employ and dismiss officers and employees of Consolidated;
- (g) to make any payment which is necessary or incidental to the performance of their duties;
- (h) to open and maintain bank accounts in the name of Consolidated or themselves anywhere in the world as may be necessary for the better performance of their duties;



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- (i) to exercise and execute all the powers set out in section 108 of the Companies Law (1995 Revision) without sanction or intervention of the court and unprejudiced by the generality hereof;
 - (j) to compromise all calls and liabilities to calls, debts and liabilities capable of resulting in debts, and all claims whether present or future, certain or contingent, ascertained or sounding only in damages, subsisting or supposed to subsist between Consolidated and any contributory or alleged contributory or other debtor or person apprehending liability to Consolidated, and all questions in any way relating to or affecting the assets of Consolidated on the winding up of Consolidated, upon receipt of such sums payable at such times and generally on such terms as may be agreed upon, with power to take securities for the discharge of such debts or liabilities and to give complete discharges in respect of all or any such calls, debts or liabilities; and
 - (k) to do and execute all such other things as may be necessary for winding up the affairs of Consolidated and distributing its assets;

and for the avoidance of doubt the powers bestowed on the Official Liquidators may be exercised by them within and outside the Cayman Islands and may be exercised by all or any of them.

- (5) The Official Liquidators be at liberty to apply for further directions relating to the winding up of the affairs of Consolidated and the distribution of its assets.
- (6) The reasonable costs of the Petitioner of and incidental to the Petition be paid forthwith from the assets of Consolidated, to be taxed if not agreed.
- (7) The Official Liquidators be at liberty to and do pay themselves, their agents, employees, attorneys, solicitors and whomsoever else they employ or instruct remuneration and costs in priority to all other debts of Consolidated pursuant to section 122 of the Companies Law (1995 Revision), and:-

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- (i) The remuneration of the Official Liquidators and their agents, employees, attorneys, solicitors and whomsoever else they employ or instruct locally in connection with the performance of their duties be fixed and approved at the rate or rates ordinarily charged by such persons;
 - (ii) The remuneration of any other agent, employee, attorney, solicitor or whomsoever else may be employed or instructed by or on behalf of the Official Liquidators in connection with the performance of their duties be fixed and approved at the rate or rates in the country in which such person is ordinarily employed or engaged in practice;

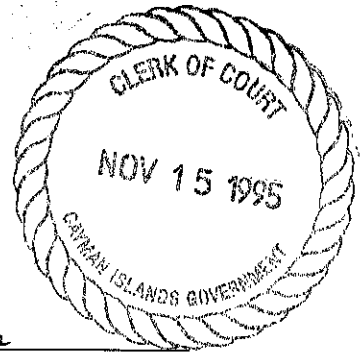
- (iii) The Official Liquidators be at liberty to pay themselves, their agents, employees, attorneys, solicitors and whomsoever else they employ or instruct either weekly or monthly or at such other intervals as they consider appropriate;
- (iv) The Official Liquidators be at liberty to meet all disbursements reasonably incurred in connection with the performance of their duties;

and for the avoidance of doubt all payments made pursuant to paragraphs 7 (i) - (iv) above shall be made as and when they fall due out of the assets of Consolidated and shall be expenses in the Liquidation.

(8) Such other orders and directions as the Court may think fit.

AND your Petitioner will ever pray etc.

DATED this 9th day of November, 1995



Quin & Hampson
 QUIN & HAMPSON
 Attorneys-at-Law for the Petitioner

To: The Clerk of the Grand Court



NOTE: It is intended to serve this Petition on Consolidated Surety and Insurance Company at its registered office.

INDORSEMENT

This Petition having been presented to the Court on the _____ day of _____ 1995, will be heard at the Law Courts, George Town, Grand Cayman on the ¹⁵ day of ^{February}, ~~15~~ 1996 at ^{2:30} o'clock in the ^{afte}noon or as soon thereafter as the Petition can be heard.

THIS Petition was presented by Quin & Hampson, Attorneys-at-Law for the Petitioner, whose address for service is that of its said Attorneys-at-Law, P.O. Box 1348, Third Floor, Harbour Centre, George Town, Grand Cayman, Cayman Islands, B.W.I.