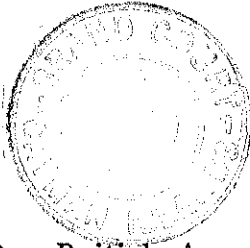


IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE No. *326* OF 1996

BETWEEN: MERCEDES E. MARTIN - PLAINTIFF
AND: BRITISH AMERICAN INSURANCE CO.
(CAYMAN) LTD. - DEFENDANT



WRIT OF SUMMONS



TO: British American Insurance Co. (Cayman) Ltd.
P.O. Box 389 GT
Grand Cayman, B.W.I.

THIS WRIT OF SUMMONS has been issued against you by the abovenamed Plaintiff in respect of the claim set out on the next page.

Within (14 days) after the service of this Writ on you, counting the day of service, you must either satisfy the claim or return to the Court Office, P.O. Box 495G, George Town, Grand Cayman, the accompanying Acknowledgment of Service stating therein whether you intend to contest these proceedings.

If you fail to satisfy the claim or to return the Acknowledgment within the time stated, or if you return the Acknowledgment without stating therein an intention to contest the proceedings, the Plaintiff may proceed with the action and judgment may be entered against you forthwith without further notice.

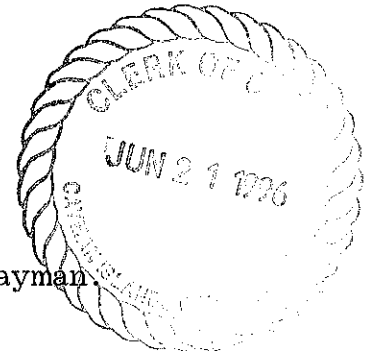
Issued this *20* day of *June* 1996

NOTE - This Writ may not be served later than 4 calendar months (or, if leave is required to effect service out of the jurisdiction, 6 months) beginning the date of issue unless renewed by Order of the Court.

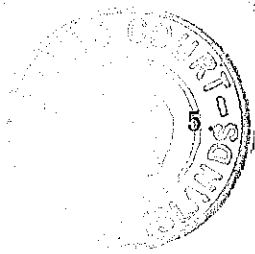
IMPORTANT

Directions for Acknowledgment of Service are given with the accompanying form.

STATEMENT OF CLAIM



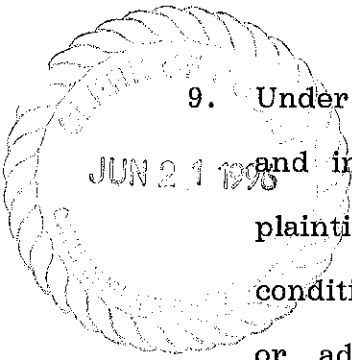
1. The plaintiff is a Caymanian who resides in Grand Cayman.
2. The defendant is an insurer which is duly licensed for that purpose and which provides inter alia, health insurance coverage.
3. The defendant issued, prior to 1st September, 1994, a health insurance policy ("the group policy") to a group named "Mediflex Plus" ("the group"). The group number is 101111. The plaintiff has never had sight of the policy.
4. The defendant invited members of the public in the Cayman Islands to join the group and to become insured under the group policy and the plaintiff did so on the 1st September, 1994.




5. The plaintiff was thus covered under the policy at all relevant times.
6. The plaintiff was given, prior to joining the group, a brochure whereby she was invited to do so and where the benefits to which she would be entitled under the terms of the group policy are set out ("the brochure"). The plaintiff will refer, at the trial of the action herein, to the brochure for its full terms and legal effect.
7. The defendant gave the plaintiff, after she joined the group and became covered by the group policy, a booklet outlining the

benefits to which she was entitled under the terms thereof ("the booklet"). The plaintiff will refer, at the trial of the action, to the booklet for its full terms and legal effect.

8. Under the terms of the group policy as summarised both in the brochure and in the booklet, the defendant agreed to pay to the plaintiff the medical expenses which she might incur after 1st September, 1994, subject to an annual deductible of CI \$200.00. The co-insurance was eighty percent generally and one hundred percent "within Preferred Hospital Network". The lifetime maximum amount payable by the defendant to the plaintiff was CI \$1,000,000.00.

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9. Under the terms of the group policy as summarised in the brochure and in the booklet, the defendant would make no payment to the plaintiff for otherwise eligible expenses that would result from any condition for which she would have received treatment, consultation or advice or have distinct symptoms evident during the six consecutive months immediately prior to becoming covered under the group policy.

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10. Both the brochure and the booklet set out methods under which the plaintiff was to claim reimbursement of medical expenses under the group policy, albeit in slightly different terms, and both provide for a claims procedure in similar terms. The defendant undertook, inter alia, to give notice to the plaintiff if a claim was denied.

11. In November, 1994 the plaintiff underwent a total abdominal hysterectomy and it was discovered at that time that she had developed cervical intra-epithelial neoplasia. She was found, during her surgery, to have severe bowel adhesions which necessitated the resection of loops of bowel which had become devascularised.

12. The plaintiff developed, after the above surgery, a fistula which failed to close by conservative non-surgical therapy. She therefore underwent a second small bowel resection and a hiatus hernia was repaired at the same time.

13. The plaintiff incurred, a result of the events described in paragraphs 11 and 12 above, expenses in the amount of CI \$157,074.04 (US \$191,553.74) which she was entitled to claim from the defendant, and did claim from it, under the terms of the group policy as summarised in the brochure and in the booklet.

14. The defendant owes the plaintiff the said sum of CI \$157,074.06 (US \$191,553.74) because it undertook to pay it to the plaintiff under the terms of the group policy, of the brochure and the booklet.

15. The plaintiff also furnished the defendant with written evidence of the expenses which she incurred as a result of the events set out in paragraphs 11 and 12 hereof.

16. The defendant never furnished the plaintiff with a form for filing a proof of claim.

17. Accordingly, under the terms of the group policy, of the brochure and of the booklet, she is deemed to have filed a proof of claim by virtue of having filed a notice of the above claim with the proper particulars and written evidence thereof.

18. It was an express term of the group policy, of the brochure and of the booklet that the defendant must pay any amount owed to the plaintiff immediately upon receipt of a satisfactory proof of loss or after deemed receipt thereof.

19. The defendant was, under the express terms of the group policy and the brochure, obligated to notify the plaintiff in writing if any claim or part of a claim was denied for any reason. The defendant did not give any such written notice to the plaintiff.

20. The defendant sent the plaintiff an itemised statement of her claim which is entitled "explanation of benefits" and dated 9th June, 1995. A reference to code 21 appears next to each item in that statement. Code 21 is described therein as "pre-existing conditions not covered". The plaintiff will refer, at the trial of the action, to the said statement for its full terms and legal effect.



21. The expenses referred to in paragraph 13 hereof did not relate to a pre-existing condition as defined in the group policy as summarised in the brochure and in the booklet or at all.

22. The defendant has owed the plaintiff the sum of CI \$157,074.06 (US \$191,553.74) since at least the date of the above statement, 9th June, 1995, and, in flagrant breach of its obligations towards the plaintiff under the group policy, the brochure and the booklet, it has failed or refused to pay the said amount. The plaintiff is therefore entitled to claim interest from the defendant since at least 9th June, 1995.

AND THE PLAINTIFF CLAIMS FROM THE DEFENDANT:-

(a) AN ORDER for the payment by the defendant to the plaintiff of the sum of CI \$157,074.06 (US \$191,553.74).

(b) PRE-JUDGMENT interest in accordance with Section 34 of The Judicature Law (1995 revision).

(c) POST-JUDGMENT interest in accordance with Section 34 of The Judicature Law (1995 revision)

(d) FURTHER and/or other relief.

(e) COSTS.



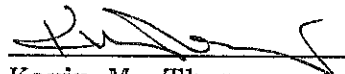
STATEMENT REGARDING INTEREST:-

- (i) The rates of the interest claimed are 8 3/8% from 9th June, 1995 until 31st January, 1996 and 7 3/8% from 1st February, 1996.
- (ii) The date from which interest is calculated is 9th June, 1995.
- (iii) The total amount of interest claimed as at 20th June, 1996 is CI \$13,097.72 (US \$15,972.88).
- (iv) The amount of interest accruing each day thereafter is CI \$31.74 (US \$38.71).



If within the time for returning the Acknowledgment of Service, the defendant pays the total amount claimed of CI \$171,557.18 (which includes costs of CI \$885.40, fixed costs of CI \$500.00 and interest of CI \$13,097.72 as at 20th June, 1996) (US \$209,216.12 which sum includes costs of US \$1,079.75, fixed costs of US \$609.75 and interest of US \$15,972.88 as at 20th June, 1996) further proceedings will be stayed. The money must be paid to the plaintiff or her attorney.

Dated the 20th day of June, 1996


Karin M. Thompson
Attorney-at-Law for the Plaintiff

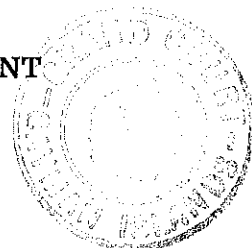
THIS WRIT was issued by Karin M. for Thompson of Cayman Shipping Centre Building (Second Floor), P.O. Box 1708 George Town, Grand Cayman, Attorney-at-Law instructed by the Plaintiff herein whose address for service is that of her said attorney.

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE No. 326 OF 1996

BETWEEN: MERCEDES E. MARTIN - PLAINTIFF

AND: BRITISH AMERICAN INSURANCE CO.
(CAYMAN) LTD. - DEFENDANT



ACKNOWLEDGMENT OF SERVICE
OF WRIT OF SUMMONS

If you intend to instruct an Attorney to act for you, give him this form IMMEDIATELY.

Important. Read the accompanying directions and notes for guidance carefully before completing this form. If any information required is omitted or given wrongly, THIS

FORM MAY HAVE TO BE RETURNED.

Delay may result in Judgment being entered against a Defendant whereby he may have to pay the costs of applying to set it aside.

1. State the full name of the Defendant by whom or on whose behalf the service of the Writ is being acknowledged.

2. State whether the Defendant intends to contest the proceedings (tick appropriate box)

yes

no

3. If the claim against the defendant is for a debt or liquidated demand, AND he does not intend to contest the proceedings, state if the Defendant intend to apply for a stay of execution against any judgment entered by the Plaintiff (tick box)

yes

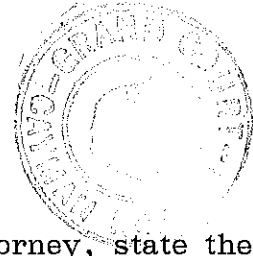
Service of the Writ is acknowledged accordingly

for

Address for Service:

Please complete overleaf





Notes on address for service

Attorney: where the Defendant is represented by an attorney, state the attorney's place of business in the Cayman Islands. A Defendant may not act by a foreign attorney.

Defendant in person: where the defendant is acting in person, he must give his post office box number and the physical address of his residence or, if he does not reside in the Cayman Islands, he must give an address in Grand Cayman where communications for him should be sent. In the case of a limited company, "residence" means its registered or principal office.

Indorsement by plaintiff's Attorney (or by plaintiff if suing in person) of his name, address and reference, if any, in the box below.

Karin M. for Thompson of Cayman Shipping Centre Building (Second Floor), P.O. Box 1708 George Town, Grand Cayman, Attorney-at-Law instructed by the Plaintiff herein whose address for service is that of her said attorney.

Indorsement by defendant's Attorney (or by defendant if suing in person) of his name, address and reference, if any in the box below.