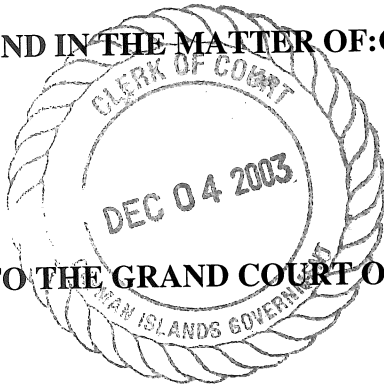


IN THE GRAND COURT OF THE CAYMAN ISLANDS

785  
CAUSE NO: OF 2003

IN THE MATTER OF THE COMPANIES LAW (2003 REVISION)

AND IN THE MATTER OF: CARONDELET INSURANCE, LTD



PETITION



TO THE GRAND COURT OF THE CAYMAN ISLANDS

The humble petition of CARONDELET INSURANCE, LTD ("CIL") shows as follows:-

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 (2003 Revision) ("the Companies Law") between the above-named CIL and the CIL Shareholder. Draft copies of the Scheme Documents (as defined in the Scheme) are annexed to this Petition by way of a Schedule. Save where otherwise defined, capitalised terms in this Petition shall have the same meaning as in the Scheme and its Explanatory Statement.
2. CIL was incorporated in the Cayman Islands as an exempted company on 3 July 1986. CIL holds an unrestricted Class B Insurer's Licence under the Insurance Law (2003 Revision) of the Cayman Islands. The registered office of CIL is at the offices of Marsh Management Services Cayman Limited, 3<sup>rd</sup> Floor, FirstCaribbean House, Main Street, PO Box 1051GT, George Town, Grand Cayman, Cayman Islands. The present authorized share capital of CIL is US\$[900,000] divided into [900,000] ordinary voting shares, of which [120,000] ordinary voting shares have been issued and are fully paid.
3. MAG was incorporated in Barbados on 23 March 1987 and received a licence to operate under the Barbados Exempt Insurance Act with effect from 1 April 1987. MAG transferred by continuation to the Cayman Islands with effect from 1 April 2002 and holds an unrestricted Class B Insurer's Licence under the Insurance Law (2003 Revision) of the Cayman Islands. The registered office of MAG is at the offices of Maples and Calder, Uglan House, South Church Street, P.O. Box 309 GT, George Town, Grand Cayman, Cayman Islands. The present authorized share capital of MAG is US\$[125,001] divided into [3] Scheme A Shares and [124,998] Scheme B Shares, all of which have been issued and are fully paid.

This Petition is presented by Solomon Harris, Attorneys-at-Law for the Petitioner whose address for service is P.O. Box 1990 GT, 2<sup>nd</sup> Floor, FirstCaribbean House, George Town, Grand Cayman, Cayman Islands. (Ref LH/CH)

- (4) If you are the duly authorised representative of a corporation, a partnership or an unincorporated body of persons, enter the capacity in which you have signed the Form of Proxy (for example, director, partner or attorney).

**GENERAL NOTES**

- (A) Please complete and return the Form of Proxy as soon as possible to Marsh Management Services Cayman Limited, FirstCaribbean House, 3<sup>rd</sup> Floor, Main Street, PO Box 1051, George Town, Grand Cayman, Cayman Islands (for the attention of Toni Silich) to arrive by not later than 10 a.m (Central Standard Time) on 2<sup>nd</sup> January 2004. Forms of Proxy returned by facsimile transmission or other electronic means will not be valid.
- (B) Any alteration to the Form of Proxy must be initialed by the person who signs it.

4. The proposed Scheme has, inter alia, the following features:-

- (A) MAG and CIL both have as their sole shareholder a Missouri nonprofit corporation formed in November 1999 called Ascension Health. Ascension Health also is the sole shareholder of Ascension Health Insurance, Ltd (“AHIL”).
- (B) AHIL was incorporated in the Cayman Islands as an exempted company on 3 April 1986 with the name DCHS Insurance, Ltd. AHIL changed its name to AHIL by a special resolution passed on 4 May 2000. AHIL holds an unrestricted Class B Insurer’s Licence under the Insurance Law (2003 Revision) of the Cayman Islands. The registered office of AHIL is at the offices of Marsh Management Services Cayman Limited, 3<sup>rd</sup> Floor, FirstCaribbean House, Main Street, PO Box 1051GT, George Town, Grand Cayman, Cayman Islands. The present authorized share capital of AHIL is US\$[900,000] divided into [900,000] ordinary voting shares, of which [500,000] ordinary voting shares have been issued and are fully paid.
- (C) AHIL, CIL and MAG insure or re-insure various risks of Ascension Health, its affiliates and certain members of their medical staff. In addition, in the case of MAG, insurance is provided to certain third party physicians who practise at facilities operated by Ascension Health or its affiliates. AHIL and MAG continue to operate but with effect from May 2003, CIL became inactive and no longer writes any insurance business. However, CIL has outstanding liabilities relating to insurance contracts written in prior years.
- (D) Ascension Health continues to develop and consolidate its operations and now wants to rationalize its captive insurance program by merging the MAG Business and the CIL Residual Operations into AHIL and dissolving MAG and CIL.
- (E) The Merger will be implemented by a scheme of arrangement of CIL and MAG under sections 86 and 87 of the Companies Law. When the scheme of arrangement becomes effective, the AHIL Business, the MAG Business and the CIL Residual Operations will be merged within a single company, namely AHIL. MAG and CIL will become dormant companies. Within 60 days after the Effective Date and subject to the order of the Court, MAG and CIL will be dissolved.
- (F) Under the terms of the Merger, AHIL will acquire the MAG Business and the CIL Residual Operations and in consideration thereof the MAG Shareholder and the CIL Shareholder will receive the following New AHIL Shares:-
  - CIL Shareholder (Ascension Health) will receive 1 New AHIL Share for every 1 CIL Share held;

This Petition is presented by Solomon Harris, Attorneys-at-Law for the Petitioner whose address for service is P.O. Box 1990 GT, 2<sup>nd</sup> Floor, FirstCaribbean House, George Town, Grand Cayman, Cayman Islands. (Ref LH/CH)

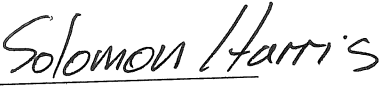
- MAG Class A Shareholder (Ascension Health) will receive 1 New AHIL Share for every 1 MAG Class A Shares held;
- and MAG Class B Shareholder (Ascension Health) will receive 1 New AHIL Share for every 1 MAG Class B Share held.
- Fractions of New AHIL Shares will not be allotted and entitlements will be rounded down to the nearest whole number of New AHIL Shares.
- The New AHIL Shares will be ordinary voting shares in the capital of AHIL designated as class A ordinary shares.

Subject to the approval of the requisite statutory majorities required pursuant to Section 86 of the Companies Law:

**YOUR PETITIONER THEREFORE HUMBLY PRAYS** as follows:-

1. That the Scheme set out in the Schedule hereto be sanctioned by the Court so as to be binding on CIL and its shareholder.
2. Such other Orders as may be made in the premise this Honourable Court deems fit.

DATED the 4th day of December 2003

  
**SOLOMON HARRIS**  
**Attorneys-at-Law for the Company**

**NOTE:** It is intended that this petition will be served on the Registrar of Companies.

This Petition is presented by Solomon Harris, Attorneys-at-Law for the Petitioner whose address for service is P.O. Box 1990 GT, 2<sup>nd</sup> Floor, FirstCaribbean House, George Town, Grand Cayman, Cayman Islands. (Ref LH/CH)

**IN THE GRAND COURT OF THE CAYMAN ISLANDS**

**CAUSE NO:      OF 2003**

**IN THE MATTER OF THE COMPANIES LAW (2003 REVISION)**

**And in the matter of: CARONDELET INSURANCE, LTD**

**SCHEDULE TO PETITION**

- (i) Explanatory statement
- (ii) Scheme
- (iii) Notice
- (iv) Form of Proxy

This Petition is presented by Solomon Harris, Attorneys-at-Law for the Petitioner whose address for service is P.O. Box 1990 GT, 2<sup>nd</sup> Floor, FirstCaribbean House, George Town, Grand Cayman, Cayman Islands. (Ref LH/CH)

## EXPLANATORY STATEMENT

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you may seek appropriate advice immediately from your attorney or other professional adviser.**

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**Recommended proposal for the merger of**

**Ascension Health Insurance, Ltd,**

**Carondelet Insurance, Ltd**

**and**

**Michigan Assurance Group, Ltd**

**by way of a scheme of arrangement  
(under sections 86 and 87 of the Companies Law (2003 Revision) of the Cayman Islands)**

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This document contains details of a recommended proposal for the merger of Ascension Health Insurance, Ltd, Carondelet Insurance, Ltd and Michigan Assurance Group, Ltd. It is proposed that the Merger is effected by way of a scheme of arrangement (under sections 86 and 87 of the Companies Law (2003 Revision) of the Cayman Islands.

In order to be implemented, the Merger must be supported by a majority in number of each of the Carondelet Insurance, Ltd Shareholders, the Michigan Assurance Group, Ltd Class A Shareholders and the Michigan Assurance Group Ltd Class B Shareholders who attend and vote at the respective Court Meetings, holding, in each case, in aggregate at least three-quarters of the total relevant Scheme Shares for which votes are cast in person or by proxy at the respective Court Meetings.

**Notices of the respective Court Meetings, each to be held on 5<sup>th</sup> January 2004 at 10 a.m, 10.30 a.m and 11a.m. (Central Standard Time) are set out in Appendix B of this document. Whether or not you intend to be present at the Court Meeting relevant to you, please complete and return the enclosed form of proxy as soon as possible to Marsh Management Services Cayman Limited, FirstCaribbean House, 3<sup>rd</sup> Floor, Main Street, PO Box 1051GT, George Town, Grand Cayman, Cayman Islands (for the attention of Toni Silich) to arrive by not later than 10 a.m. (Central Standard Time) on 2<sup>nd</sup> January 2004.**

You are strongly urged to read this document and complete and return the enclosed form of proxy, voting in favour of the resolution to be proposed at the relevant Court Meeting. **Failure to do so could result in the Scheme, and therefore the Merger, not being implemented.**

This document has been prepared for the purpose of complying with Cayman Islands law and the information may not be the same as that which would have been disclosed if the document had been prepared in accordance with the laws of another jurisdiction. This document has been prepared solely in connection with voting on the Scheme and should not be relied upon for any other purpose.

The New Ascension Health Insurance Ltd Shares to be issued in connection with the Merger have not been, and are not required to be, registered with the Securities and Exchange Commission under the US Securities Act 1933 or any US state securities laws. Neither the Securities and Exchange Commission nor any state securities commission nor the Cayman Islands Monetary Authority has approved or disapproved of these securities or passed upon the accuracy or adequacy of this document or any document accompanying or referred to in this document.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Application to Court to dispense with Court Meetings and sanction Scheme.	11 <sup>th</sup> December 2003
Record Date for the Scheme	11 <sup>th</sup> December 2003
Earliest Effective Date of the Scheme	12 <sup>th</sup> December 2003
Dispatch of certificates for new AHIL Shares	2 <sup>nd</sup> January 2004

OR

This document to be distributed to Scheme Shareholder	19 <sup>th</sup> December 2003
Latest date for return of forms of proxy for Court Meetings	2 <sup>nd</sup> January 2004
Court Meetings	5 <sup>th</sup> January 2004
Court Hearing of Petition to sanction the Scheme	12 <sup>th</sup> January 2004
Record Date for the Scheme	12 <sup>th</sup> January 2004
Earliest Effective Date of the Scheme	13 <sup>th</sup> January 2004
Dispatch of certificates for New AHIL Shares	3 <sup>rd</sup> February 2004

**The dates indicated above are provisional and subject to change. The Scheme Shareholder will be notified of any changes to the above timetable.**

## DEFINITIONS

1. The following definitions apply throughout this document, except for the text of the Scheme, unless the context otherwise requires:-

<b>AHIL</b>	Ascension Health Insurance, Ltd., a Cayman Islands captive insurance company of which Ascension Health is the sole shareholder
<b>CIL</b>	Carondelet Insurance, Ltd., a Cayman Islands captive insurance company of which Ascension Health is the sole shareholder
<b>CIL Shareholder</b>	the registered holder of the 120,000 Class A issued shares of CIL, which is Ascension Health
<b>CIL Court Meeting</b>	the meeting for the CIL Shareholder convened by order of the Court under section 86 of the Law, notice of which is set out in Appendix B, including any adjournment thereof
<b>Court Meetings</b>	the CIL Court Meeting, the MAG Class A Court Meeting and the MAG Class B Court Meeting
<b>MAG</b>	MAG Assurance Group, Ltd., a Cayman Islands captive insurance company of which Ascension Health is the sole shareholder
<b>MAG Class A Shareholder</b>	the registered holder of the 3 Class A issued shares of MAG, which is Ascension Health.
<b>MAG Class A Court Meeting</b>	the meeting for the MAG Class A Shareholder convened by order of the Court under section 86 of the Law, notice of which is set out in Appendix B, including any adjournment thereof
<b>MAG Class B Shareholder</b>	the registered holder of the 124,997 Class B issued shares of MAG, which is Ascension Health.
<b>MAG Class B Court Meeting</b>	the meeting for the MAG Class B Shareholder convened by order of the Court under section 86 of the Law, notice of which is set out in Appendix B, including any adjournment thereof
<b>Merger</b>	the merger of AHIL, CIL and MAG to be implemented by means of the Scheme as described in this document
<b>Scheme Shareholders</b>	The CIL Shareholder, the MAG Class A Shareholder and the MAG Class B Shareholder

**Scheme Shares**

any or all, as the context so requires, of the CIL Shares, the  
MAG Class A Shares and/or the MAG Class B Shares

2. Words and expressions defined in the Scheme shall, unless the context otherwise requires, have the same respective meanings wherever used in this document.
3. In this document clause headings and the table of contents are inserted for convenience only and shall be ignored in the interpretation of this document.
4. In this document, unless the context otherwise requires:-
  - 4.1 references to parts, clauses and appendices are to be construed as references to parts, clauses and appendices of this document;
  - 4.2 words importing the plural shall include the singular and vice versa and the masculine, feminine or neuter gender shall each include the other genders;
  - 4.3 references to a person shall be construed as including references to an individual, firm, corporation, unincorporated association or any sovereign state or agency thereof; and
  - 4.4 references to any enactment shall be to such enactment as amended and in force on the date of this document.

**PART 1**  
**THE MERGER**

**1. INTRODUCTION**

- 1.1 Ascension Health, a Missouri nonprofit corporation formed in November 1999, is the parent organization of a national health system consisting primarily of nonprofit corporations that own and operate health care facilities, or Health Ministries, primarily located in the Great Lakes, mid-Atlantic, western, and southern regions of the United States. The Health Ministries that are a part of the Ascension Health system were formerly members of the Daughters of Charity National Health System, the Sisters of St. Joseph Health System, or the Carondelet Health System. All of the Health Ministries are related through common control. Substantially all expenses of Ascension Health are related to providing health care services.
- 1.2 Ascension Health is currently sponsored by the Northeast, Southeast, East Central, and West Central Provinces of the Daughters of Charity of St. Vincent de Paul, the Congregation of the Sisters of St. Joseph of Nazareth, and the Congregation of the Sisters of St. Joseph of CIL.
- 1.3 Ascension Health directs its governance and management activities toward strong vibrant, Catholic Health Ministries united in service and healing and dedicates its resources to spiritually centered care which sustains and improves the health of the individuals and communities it serves. In accordance with Ascension Health's mission of service to those who are poor and vulnerable, each Health Ministry accepts patients regardless of their ability to pay.
- 1.4 Ascension Health sponsors self-insured general/professional liability programs for all of its full members and certain affiliate members. These programs are funded through an on-shore trust and captive insurance companies.

**2. BACKGROUND AND REASONS FOR THE MERGER**

- 2.1 Ascension Health has grown as a result of mergers between several established Catholic

health systems, each of which had their own captive insurance company. This has resulted in Ascension Health now owning and controlling three captive insurance companies ie. AHIL, MAG and CIL. Ascension Health continues to develop and consolidate its operations and now wants to rationalize its captive insurance program by merging the MAG Business and the CIL Residual Operations into AHIL and dissolving MAG and CIL. This will establish AHIL as Ascension Health's single wholly owned captive insurance company. Through consolidation of the insurance program and simplification of the administration and management process AHIL will be able to provide more efficient and cost effective insurance coverage to all of its insureds. The boards of AHIL, CIL and MAG therefore consider that the merger is in the best interests of both Ascension Health, the shareholder in each case, and all of the parties participating in the insurance programs provided by these entities.

- 2.2 The Merger will be implemented by a scheme of arrangement of CIL and MAG under sections 86 and 87 of the Law. When the scheme of arrangement becomes effective, the AHIL Business, the MAG Business and the CIL Residual Operations will be merged within a single company, namely, AHIL, and MAG and CIL will become dormant companies. Within 60 days after the Effective Date and subject to the order of the Court, MAG and CIL will be dissolved.
- 2.3 AHIL, CIL and MAG are captive insurance companies and hold unrestricted Class B Insurer's Licences under the Insurance Law (2003 Revision) of the Cayman Islands. AHIL, CIL and MAG insure or re-insure various risks of Ascension Health, its affiliates and certain members of their medical staff. In addition, in the case of MAG, insurance is provided to certain third party physicians who practice at facilities operated by Ascension Health or its affiliates. AHIL and MAG continue to operate but with effect from May 2003, CIL became inactive and no longer writes any insurance business. However, CIL has outstanding liabilities relating to insurance contracts written in prior years.
- 2.4 Currently, Ascension Health owns the entire issued share capital of each of AHIL and CIL and is the holder of all the voting and non voting shares in the capital of MAG.

- 2.5 On 20 October 2003, the respective boards of Directors of AHIL, CIL and MAG approved the terms of a merger between the companies. Under the terms of the Merger, AHIL will acquire the MAG Business and the CIL Residual Operations and in consideration thereof the MAG Shareholder and the CIL Shareholder will receive the following New AHIL Shares:-
- 2.5.1 CIL Shareholder (Ascension Health) will receive 1 New AHIL Share for every 1 CIL Share held;
  - 2.5.2 MAG Class A Shareholder (Ascension Health) will receive 1 New AHIL Share for every 1 MAG Class A Shares held; and
  - 2.5.3 MAG Class B Shareholder (Ascension Health) will receive 1 New AHIL Share for every 1 MAG Class B Share held.
  - 2.5.4 Fractions of New AHIL Shares will not be allotted and entitlements will be rounded down to the nearest whole number of New AHIL Shares.
  - 2.5.5 The New AHIL Shares will be ordinary voting shares in the capital of AHIL designated as class A ordinary shares.

### **3. TERMS AND CONDITIONS OF THE MERGER**

- 3.1 The Merger will be implemented by a scheme of arrangement of MAG and CIL under sections 86 and 87 of the Law.
- 3.2 The Scheme will provide for:-
  - 3.2.1 the transfer to AHIL of the MAG Business and the CIL Residual Operations and the assumption by AHIL of all liabilities of the MAG Business and the CIL Residual Operations;
  - 3.2.2 the allotment and issue of New AHIL Shares by AHIL to the CIL Shareholder, the MAG Class A Shareholder and the MAG Class B Shareholder on the basis of 1 New AHIL Share for every CIL Share held, 1 New AHIL Share for every MAG Class A Share held and 1 New AHIL Share for every MAG Class B Share held, except that fractions of New AHIL Shares will not be allotted and entitlements will be rounded down to the nearest whole number of New AHIL Shares;
  - 3.2.3 all legal proceedings in the Cayman Islands and elsewhere issued by or against CIL or MAG will be continued by or against AHIL; and

- 3.2.4 the dissolution of CIL and MAG .
- 3.3 The Scheme will require the approval of the CIL Shareholder, the MAG Class A Shareholder and the MAG Class B Shareholder. This may be shown by the passing of resolutions at the respective Court Meetings. The resolution in each case must be approved by a majority in number of each of the CIL Shareholder, the MAG Class A Shareholder and the MAG Class B Shareholder, as the case may be, present and voting, either in person or by proxy, representing not less than three-fourths in value of the shares held by the CIL Shareholder, the MAG Class A Shareholder and the MAG Class B Shareholder, as the case may be.
- 3.4 When the necessary approvals are obtained, an application will be made to the Court to sanction the Scheme. The CIL Shareholder, MAG Class A Shareholder and MAG Class B Shareholder are entitled to attend and be heard at the hearing by the Court of the petition to sanction the Scheme, in person or through counsel, to support or oppose the sanctioning of the Scheme.
- 3.5 The Merger can only become effective if the following conditions to the implementation of the Scheme have been satisfied:-
- 3.5.1 prior to the Scheme being sanctioned by the Court, approval of the Merger upon the terms and conditions of the Scheme by ordinary resolution of the voting shareholder of AHIL;
- 3.5.2 prior to the Scheme being sanctioned by the Court, approval by the Cayman Islands Monetary Authority of the Merger upon the terms and conditions of the Scheme, in terms and in a form reasonably satisfactory to AHIL, CIL and MAG; and
- 3.5.3 prior to the Scheme being sanctioned by the Court, there occurring no event or there becoming apparent to AHIL, CIL and MAG no fact which would or would be likely to impose any material limitation, delay or restriction on the Merger or its implementation.

- 3.6 The Scheme will become effective upon the delivery to the Registrar of Companies in the Cayman Islands of sealed copies of the order of the Court and registration of the order which, subject to the sanction of the Scheme by the Court, is expected to be by no later than 12<sup>th</sup> January 2004. Unless the Scheme becomes effective by no later than 30 June 2004 or such later date as AHIL, CIL and MAG may agree and the Court may permit, the Scheme will not become effective and the Merger will not proceed.
- 3.7 Once the Scheme becomes effective, it will be binding on any CIL Shareholder, any MAG Class A Shareholder and any MAG Class B Shareholder, whether or not they voted in favour of the Scheme.

#### **4. CORPORATE GOVERNANCE**

The Directors and Officers currently serving for each of the companies are the same persons. Following the Merger, Douglas French will remain as Chairman of AHIL and the present directors and officers will continue in office.

#### **5. EMPLOYEES**

MAG and CIL do not have any employees and therefore there will be no employee transfer issues to be considered.

#### **6. FUTURE OPERATIONS**

As from the Effective Date and by operation of law, AHIL will take over cash, cash equivalents, investments and all other assets of CIL and MAG and will assume responsibility for all liabilities of CIL and MAG and obligations under insurance and re-insurance written by CIL and MAG . AHIL will look to integrate the MAG Business and the CIL Residual Operations into its own business over a period of time and this will lead to a rationalization of the risks insured and the policies issued.

#### **7. RESOLUTIONS**

In accordance with the directions of the Court, the Court Meetings, Notices of which are set out in Appendix B, have been convened for the CIL Shareholder, the MAG Class A

Shareholder and the MAG Class B Shareholder for the purpose of considering, and, if thought fit, approving the Scheme

## **8. TAXATION**

### *Cayman Islands*

Under current legislation in the Cayman Islands, no taxes will be imposed upon the shareholder of AHIL, CIL or MAG as a consequence of the Merger.

### *United States*

Under current legislation in the United States of America, no taxes will be imposed upon the shareholder of AHIL, CIL or MAG as a consequence of the Merger.

## **9. COURT MEETINGS**

9.1 The Court Meetings will be held as follows on 5<sup>th</sup> January 2004 at the following times:-

CIL Court Meeting – 10.00 a.m. (Eastern Standard Time)

MAG Class A Court Meeting – 10.30 a.m. (Eastern Standard Time)

MAG Class B Court Meeting – 11.00 a.m. (Eastern Standard Time)

## **10. RECOMMENDATION**

10.1 The Directors of CIL consider the terms of the Merger to be in the best interests of CIL and the CIL Shareholder. Accordingly, they recommend that the CIL Shareholder votes in favour of the resolutions to be proposed at the CIL Court Meeting.

10.2 The Directors of MAG consider the terms of the Merger to be in the best interests of the MAG Class A Shareholder and the MAG Class B Shareholder. Accordingly, they recommend that the MAG Class A Shareholder and the MAG Class B Shareholder vote in favour of the resolutions to be proposed at the MAG Class A Court Meeting and the MAG Class B Court Meeting.

**11. FURTHER INFORMATION**

Additional information is contained in Part 2. Particulars of documents available for inspection are given in paragraph 7 of Part 2. The full text of the Scheme is set out in Appendix A. The notice of each Court Meeting is set out in Appendix B.

**12. ACTION TO BE TAKEN**

- 12.1 With this document is enclosed a form of proxy for either the CIL Court Meeting, the MAG Class A Court Meeting or the MAG Class B Court Meeting. Which form of proxy is enclosed will depend on which Scheme Shares are held.
- 12.2 **Whether or not you propose to attend the Court Meeting relevant to you in person, you are requested to complete and sign the form of proxy and return it in accordance with the instructions printed on it as soon as possible.** The form of proxy should be received at the offices of Marsh Management Services Cayman Limited, FirstCaribbean House, 3<sup>rd</sup> Floor, Main Street, PO Box 1051GT, George Town, Grand Cayman, Cayman Islands marked for the attention of Toni Silich, not later than 10.a.m. on 2<sup>nd</sup> January 2004. The return of the form of proxy will not prevent you from attending the relevant Court Meeting and voting in person should you wish.
- 12.3 Provided that the Scheme becomes effective, the CIL Shareholder, the MAG Class A Shareholder and the MAG Class B Shareholder will receive certificates for their New AHIL Shares without having to take further action.

## **PART 2**

### **ADDITIONAL INFORMATION**

#### **1. Incorporation, Licensing and Registered Office**

##### **1.1 ASCENSION HEALTH INSURANCE, LTD. (AHIL)**

AHIL was incorporated in the Cayman Islands as an exempted company on 3 April 1986 with the name DCHS Insurance, Ltd. AHIL changed its name to AHIL by a special resolution passed on 4 May 2000. AHIL holds an unrestricted Class B Insurer's Licence under the Insurance Law (2003 Revision) of the Cayman Islands. The registered office of AHIL is at the offices of Marsh Management Services Cayman Limited, 3<sup>rd</sup> Floor, FirstCaribbean House, Main Street, PO Box 1051GT, George Town, Grand Cayman, Cayman Islands.

##### **1.2 CARONDELET INSURANCE, LTD. (CIL)**

CIL was incorporated in the Cayman Islands as an exempted company on 3 July 1986. CIL holds an unrestricted Class B Insurer's Licence under the Insurance Law (2003 Revision) of the Cayman Islands. The registered office of CIL is at the offices of Marsh Management Services Cayman Limited, 3<sup>rd</sup> Floor, FirstCaribbean House, Main Street, PO Box 1051GT, George Town, Grand Cayman, Cayman Islands

##### **1.3 MICHIGAN ASSURANCE GROUP, LTD. (MAG)**

MAG was incorporated in Barbados on 23 March 1987 and received a licence to operate under the Barbados Exempt Insurance Act with effect from 1 April 1987. MAG transferred by continuation to the Cayman Islands with effect from 1 April 2002 and holds an unrestricted Class B Insurer's Licence under the Insurance Law (2003 Revision) of the Cayman Islands. The registered office of MAG is at the offices of Maples and Calder, Uglan House, South Church Street, P.O. Box 309 GT, George Town, Grand Cayman, Cayman Islands.

## **2. Directors and Officers**

### **2.1 AHIL**

The directors of AHIL are:-

Sister Carol A. Keehan, D.C.

Sister Theresa Peck, D.C.

Douglas D. French

Anthony R Tersigni, Ed.D.

James W. Duff

John W. Nusbaum

Albert R. Counselman

Robert W. Israel, M.D.

Robert J. Henkel

Andrew W. Allen

The officers of AHIL are:-

Douglas D. French –	Chair
James W. Duff –	Vice Chair
Robert W. Israel, M.D.	Secretary
Sister Carol A. Keehan –	Treasurer
James K. Beckmann	Assistant Secretary
Toni Silich –	Assistant Secretary
Edel Colleran -	Assistant Secretary

### **2.2 CIL**

The directors of CIL are the same persons as listed for AHIL-

The officers of CIL are the same persons as listed for AHIL-

### **2.3 MAG**

The directors of MAG are the same persons as listed for AHIL

The officers of MAG are the same persons as listed for AHIL

**3. Disclosure of Interests**

**3.1 Holdings of AHIL Shares**

3.1.1 None of the directors of AHIL, CIL or MAG nor their immediate families owns, controls or is interested in any AHIL Shares.

3.1.2 Neither CIL nor MAG owns, controls or is interested in any AHIL Shares.

**3.2 Holdings of CIL Shares**

3.2.1 None of the directors of AHIL, CIL or MAG nor their immediate families owns, controls or is interested in any CIL Shares

3.2.2 Neither AHIL nor MAG owns, controls or is interested in any CIL Shares.

**3.3 Holdings of MAG Shares**

3.3.1 None of the directors of AHIL, CIL or MAG nor their immediate families owns, controls or is interested in any MAG Shares.

3.3.2 Neither AHIL nor CIL owns, controls or is interested in any MAG Shares.

**4. Litigation**

4.1 AHIL is not and has not been engaged in, nor so far as AHIL is aware, are there, any legal or arbitration proceedings pending or threatened by or against AHIL which may have, or have had during the past 12 months preceding the date of this document, a significant effect on the financial or business position of AHIL

4.2 CIL is not and has not been engaged in, nor so far as CIL is aware, are there, any legal or arbitration proceedings pending or threatened by or against CIL which may have, or have had during the past 12 months preceding the date of this document, a significant effect on the financial or business position of CIL.

4.3 MAG is not and has not been engaged in, nor so far as MAG is aware, are there, any legal or arbitration proceedings pending or threatened by or against MAG which may have, or have had during the past 12 months preceding the date of this document, a significant effect on the financial or business position of MAG.

**5. Material Change**

- 5.1 Save as disclosed in this document, and excluding the costs to be incurred in connection with the Merger, since 30 June 2003, being the date to which AHIL's latest audited financial statements have been prepared, there has been no material change in the financial or trading position of AHIL.
- 5.2 Save as disclosed in this document and excluding the costs to be incurred in connection with the Merger, since 30 June 2002, being the date to which CIL's latest audited financial statements have been prepared, there has been no material change in the financial or trading position of CIL.
- 5.3 Save as disclosed in this document and excluding the costs to be incurred in connection with the Merger, since 30 June 2003, being the date to which MAG's latest audited financial statements have been prepared, there has been no material change in the financial or trading position of MAG.

**6. Responsibility**

Ascension Health accepts responsibility for the information contained in this document (including the information relating to AHIL, CIL and MAG and their respective directors and their immediate families). To the best of the knowledge and belief of Ascension Health (which has taken all reasonable care to ensure that such is the case), the information contained in this document for which it takes responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

**7. Documents available for inspection**

- 7.1 Copies of the following documents will be available for inspection at the offices of Marsh Management Services Cayman Limited, FirstCaribbean House, 3<sup>rd</sup> Floor, Main Street, PO Box 1051GT, George Town, Grand Cayman, Cayman Islands during usual business hours on any weekday (Saturdays and public holidays excepted) until the Effective Date:-
- 7.1.1 the Memorandum and Articles of Association of AHIL, CIL and MAG
- 7.1.2 the audited financial statements of AHIL for the two financial years ended 30 June 2002 and 30 June 2003;

- 7.1.3 the audited financial statements of CIL for the two financial years ended 30 June 2001 and 30 June 2002; and the unaudited financial statements for the financial year ended 30 June 2003;
- 7.1.4 the audited financial statements of MAG for the financial year ended 31 March 2002 and the fifteen month financial period ended 30 June 2003; and
- 7.1.5 The Scheme

Date December 2003

## **PART 2**

### **ADDITIONAL INFORMATION**

#### **1. Incorporation, Licensing and Registered Office**

##### **1.1 ASCENSION HEALTH INSURANCE, LTD. (AHIL)**

AHIL was incorporated in the Cayman Islands as an exempted company on 3 April 1986 with the name DCHS Insurance, Ltd. AHIL changed its name to AHIL by a special resolution passed on 4 May 2000. AHIL holds an unrestricted Class B Insurer's Licence under the Insurance Law (2003 Revision) of the Cayman Islands. The registered office of AHIL is at the offices of Marsh Management Services Cayman Limited, 3<sup>rd</sup> Floor, FirstCaribbean House, Main Street, PO Box 1051GT, George Town, Grand Cayman, Cayman Islands.

##### **1.2 CARONDELET INSURANCE, LTD. (CIL)**

CIL was incorporated in the Cayman Islands as an exempted company on 3 July 1986. CIL holds an unrestricted Class B Insurer's Licence under the Insurance Law (2003 Revision) of the Cayman Islands. The registered office of CIL is at the offices of Marsh Management Services Cayman Limited, 3<sup>rd</sup> Floor, FirstCaribbean House, Main Street, PO Box 1051GT, George Town, Grand Cayman, Cayman Islands

##### **1.3 MICHIGAN ASSURANCE GROUP, LTD. (MAG)**

MAG was incorporated in Barbados on 23 March 1987 and received a licence to operate under the Barbados Exempt Insurance Act with effect from 1 April 1987. MAG transferred by continuation to the Cayman Islands with effect from 1 April 2002 and holds an unrestricted Class B Insurer's Licence under the Insurance Law (2003 Revision) of the Cayman Islands. The registered office of MAG is at the offices of Maples and Calder, Ugland House, South Church Street, P.O. Box 309 GT, George Town, Grand Cayman, Cayman Islands.

**2. Directors and Officers**

**2.1 AHIL**

The directors of AHIL are:-

Sister Carol A. Keehan, D.C.

Sister Theresa Peck, D.C.

Douglas D. French

Anthony R Tersigni, Ed.D.

James W. Duff

John W. Nusbaum

Albert R. Counselman

Robert W. Israel, M.D.

Robert J. Henkel

Andrew W. Allen

The officers of AHIL are:-

Douglas D. French –	Chair
James W. Duff –	Vice Chair
Robert W. Israel, M.D.	Secretary
Sister Carol A. Keehan –	Treasurer
James K. Beckmann	Assistant Secretary
Toni Silich –	Assistant Secretary
Edel Colleran -	Assistant Secretary

**2.2 CIL**

The directors of CIL are the same persons as listed for AHIL-

The officers of CIL are the same persons as listed for AHIL-

**2.3 MAG**

The directors of MAG are the same persons as listed for AHIL

The officers of MAG are the same persons as listed for AHIL

**3. Disclosure of Interests**

**3.1 Holdings of AHIL Shares**

3.1.1 None of the directors of AHIL, CIL or MAG nor their immediate families owns, controls or is interested in any AHIL Shares.

3.1.2 Neither CIL nor MAG owns, controls or is interested in any AHIL Shares.

**3.2 Holdings of CIL Shares**

3.2.1 None of the directors of AHIL, CIL or MAG nor their immediate families owns, controls or is interested in any CIL Shares

3.2.2 Neither AHIL nor MAG owns, controls or is interested in any CIL Shares.

**3.3 Holdings of MAG Shares**

3.3.1 None of the directors of AHIL, CIL or MAG nor their immediate families owns, controls or is interested in any MAG Shares.

3.3.2 Neither AHIL nor CIL owns, controls or is interested in any MAG Shares.

**4. Litigation**

4.1 AHIL is not and has not been engaged in, nor so far as AHIL is aware, are there, any legal or arbitration proceedings pending or threatened by or against AHIL which may have, or have had during the past 12 months preceding the date of this document, a significant effect on the financial or business position of AHIL

4.2 CIL is not and has not been engaged in, nor so far as CIL is aware, are there, any legal or arbitration proceedings pending or threatened by or against CIL which may have, or have had during the past 12 months preceding the date of this document, a significant effect on the financial or business position of CIL.

4.3 MAG is not and has not been engaged in, nor so far as MAG is aware, are there, any legal or arbitration proceedings pending or threatened by or against MAG which may have, or have had during the past 12 months preceding the date of this document, a significant effect on the financial or business position of MAG.

**5. Material Change**

- 5.1 Save as disclosed in this document, and excluding the costs to be incurred in connection with the Merger, since 30 June 2003, being the date to which AHIL's latest audited financial statements have been prepared, there has been no material change in the financial or trading position of AHIL.
- 5.2 Save as disclosed in this document and excluding the costs to be incurred in connection with the Merger, since 30 June 2002, being the date to which CIL's latest audited financial statements have been prepared, there has been no material change in the financial or trading position of CIL.
- 5.3 Save as disclosed in this document and excluding the costs to be incurred in connection with the Merger, since 30 June 2003, being the date to which MAG's latest audited financial statements have been prepared, there has been no material change in the financial or trading position of MAG.

**6. Responsibility**

Ascension Health accepts responsibility for the information contained in this document (including the information relating to AHIL, CIL and MAG and their respective directors and their immediate families). To the best of the knowledge and belief of Ascension Health (which has taken all reasonable care to ensure that such is the case), the information contained in this document for which it takes responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

**7. Documents available for inspection**

- 7.1 Copies of the following documents will be available for inspection at the offices of Marsh Management Services Cayman Limited, FirstCaribbean House, 3<sup>rd</sup> Floor, Main Street, PO Box 1051GT, George Town, Grand Cayman, Cayman Islands during usual business hours on any weekday (Saturdays and public holidays excepted) until the Effective Date:-
- 7.1.1 the Memorandum and Articles of Association of AHIL, CIL and MAG
- 7.1.2 the audited financial statements of AHIL for the two financial years ended 30 June 2002 and 30 June 2003;

- 7.1.3 the audited financial statements of CIL for the two financial years ended 30 June 2001 and 30 June 2002; and the unaudited financial statements for the financial year ended 30 June 2003;
- 7.1.4 the audited financial statements of MAG for the financial year ended 31 March 2002 and the fifteen month financial period ended 30 June 2003; and
- 7.1.5 The Scheme

Date December 2003

**Appendix A**

**The Scheme**

**IN THE GRAND COURT OF THE CAYMAN ISLANDS**  
**Cause No. [ ] of 2003**

**IN THE MATTER OF**  
**MICHIGAN ASSURANCE GROUP, LTD.**

**and**

**IN THE MATTER OF**  
**CARONDELET INSURANCE LTD.**

**and**

**IN THE MATTER OF THE COMPANIES LAW (2003 REVISION)**

**Proposal for a**  
**SCHEME OF ARRANGEMENT**  
**(under sections 86 and 87 of the Companies Law (2003 Revision))**

**between**

**MICHIGAN ASSURANCE GROUP, LTD.**

**and**

**THE HOLDERS OF MAG CLASS A SHARES AND THE HOLDERS OF MAG CLASS B SHARES**  
**(each as defined in the Scheme)**

**and between**

**CARONDELET INSURANCE LTD.**

**and**

**THE HOLDERS OF CIL SHARES**  
**(as defined in the Scheme)**

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## **Part 1**

### **Definitions**

(A) In the Scheme, unless the context shall otherwise require, the following words and expressions shall have the following meanings:-

<b>AHIL</b>	Ascension Health Insurance, Ltd., a Cayman Islands captive insurance company of which Ascension Health is the sole shareholder
<b>Business Day</b>	a day on which banks are open for business (other than a Saturday or Sunday) in New York and in the Cayman Islands
<b>CIL</b>	Carondelet Insurance, Ltd. a Cayman Islands captive insurance company of which Ascension Health is the sole shareholder
<b>CIL Directors</b>	the directors of CIL for the time being
<b>CIL Liabilities</b>	all liabilities of CIL on the Effective Date including, without limitation, contractual obligation, guarantees, indemnities, reserves for losses, losses payables, accounts payable, accrued liabilities and prospective and/or contingent claims under insurance policies written by CIL at any time and all other liabilities of CIL of whatsoever nature and howsoever arising
<b>CIL Residual Operations</b>	the residual operations of the business and undertaking of CIL as at the Effective Date following its ceasing to operate with effect from May 2003 with all property, assets and rights of CIL, including, without limitation, the benefit of

any claims, the benefit (subject to the burden) of contracts, goodwill, any intellectual property rights of whatsoever nature (including business or trade names), fixed assets, tangible assets, investments cash at bank and in hand, receivables, accruals and prepayments and records and documents

**CIL Shares** ordinary voting shares of US\$1.00 each in the share capital of CIL

**MAG Class A Shares** Class A ordinary voting shares of US\$1.00 each in the share capital of MAG

**MAG Class B Shares** Class B ordinary non-voting shares of US\$1.00 each in the share capital of MAG

**Court** the Grand Court of the Cayman Islands

**Effective Date** the date on which this Scheme becomes effective in accordance with clause 7 of this Scheme

**Law** the Companies Law (2003 Revision) of the Cayman Islands as further revised from time to time

**MAG** MAG Assurance Group, Ltd. a Cayman Islands captive insurance company of which Ascension Health is the sole shareholder

**MAG Business** the entire business and undertaking of MAG as a going concern as carried on as at the Effective Date with all property, assets and rights of MAG, including, without

limitation, the benefit of any claims, the benefit (subject to the burden) of contracts, goodwill, any intellectual property rights of whatsoever nature (including business or trade names), fixed assets, tangible assets, investments cash at bank and in hand, receivables, accruals and prepayments and records and documents

**MAG Directors**

the directors of MAG for the time being

**MAG Liabilities**

all liabilities of MAG on the Effective Date including, without limitation, contractual obligation, guarantees, indemnities, reserves for losses, losses payables, accounts payable, accrued liabilities and prospective and/or contingent claims under insurance policies written by MAG at any time and all other liabilities of MAG of whatsoever nature and howsoever arising

**New AHIL Shares**

ordinary voting shares of US\$1.00 each in the capital of AHIL designated as class A ordinary shares to be allotted in accordance with clause 4 of this Scheme

**Record Date**

the Business Day immediately preceding the Effective Date

**Scheme**

the Scheme in its present form as set out herein or with any modification, addition or condition which the Court may think fit to approve or impose

## **Interpretation**

- (B) The clause headings are inserted for convenience only and shall be ignored in the interpretation of the Scheme.
- (C) In this Scheme, unless the context otherwise requires:-
- (i) references to clauses are to be construed as references to the clauses of this Scheme;
  - (ii) references to this Scheme or any provision of this Scheme shall be construed as references to this Scheme or that provision in force for the time being and as amended in accordance with its terms;
  - (iii) words importing the plural shall include the singular and vice versa and the masculine, feminine or neuter gender shall each include the other genders;
  - (iv) references to a person shall be construed as including references to an individual, firm, corporation, unincorporated association or any sovereign state or agency thereof; and
  - (v) references to any enactment shall be to such enactment as amended and in force on the date of this document.

## **Background**

- (D) CIL is a Cayman Islands exempted company incorporated on 3 July 1986. The present authorized share capital of CIL is US\$900,000 divided into 900,000 ordinary voting shares, of which 120,000 ordinary voting shares have been issued and are fully paid.
- (E) MAG was incorporated on 23 March 1987 under the laws of Barbados and transferred by way of continuation to the Cayman Islands with effect from 1 April 2002. The present authorized share capital of MAG is US\$125,001 divided into 3

Scheme A Shares and 124,998 Scheme B Shares, all of which have been issued and are fully paid.

- (F) AHIL is a Cayman Islands exempted company incorporated on 3 April 1986. The present authorized share capital of AHIL is US\$900,000 divided into 900,000 ordinary voting shares, of which 500,000 ordinary voting shares have been issued and are fully paid.
- (G) AHIL has agreed to appear by Counsel on the hearing of the petitions to sanction this Scheme and to undertake to the Court to be bound thereby and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable for the purposes of giving effect to this Scheme.

## **PART 2 – THE SCHEME**

### **1. TRANSFER OF BUSINESS AND OPERATIONS AND ASSUMPTION OF LIABILITIES**

- 1.1 On the Effective Date and subject to the order of the Court, the CIL Residual Operations and the MAG Business shall pursuant to section 87(1)(a) of the Law be transferred to and immediately vest in AHIL
- 1.2 On the Effective Date and subject to the order of the Court, AHIL shall pursuant to section 87(1)(a) of the Law assume the CIL Liabilities and the MAG Liabilities, whether relating to a period before or after the Effective Date, and shall discharge the CIL Liabilities and the MAG Liabilities in accordance with the relevant obligations relating thereto and as from and including the Effective Date, CIL shall have no continuing obligations in relation to any of the CIL Liabilities and MAG shall have no continuing obligations in relation to any of the MAG Liabilities.

### **2. CONSIDERATION FOR TRANSFER OF BUSINESS AND OPERATIONS**

- 2.1 In consideration for the transfer of the CIL Residual Operations referred to in clause 1, AHIL shall allot and issue, credited as fully paid to Ascension Health as the holder of the CIL Shares appearing on the register of members of CIL at the close of business on the Record Date, New AHIL Shares on the basis of 1 New AHIL Share for every 1 CIL Share held but always subject to the provisions of clause 3.
- 2.2 In consideration for the transfer of the MAG Business referred to in clause 1, AHIL shall allot and issue, credited as fully paid to Ascension Health as the holder of the MAG Class A Shares and the MAG Class B Shares appearing on the register of members of MAG at the close of business on the Record Date, New

AHIL Shares on the basis of 1 New AHIL Share for every 1 MAG Class A Share or MAG Class B Share held but always subject to the provisions of clause 3.

**3. FRACTIONS**

No fraction of a New AHIL Share shall be allotted to a holder of CIL Shares, MAG Class A Shares or MAG Class B Shares pursuant to clause 2 and any fractional entitlement shall be rounded down to the nearest whole number of New AHIL Shares.

**4. ALLOTMENT AND ISSUE OF NEW AHIL SHARES**

Not later than 21 days after the Effective Date, AHIL shall allot and issue the New AHIL Shares required to be allotted and issued by it pursuant to clause 2 and shall deliver share certificates for such New AHIL Shares to the persons entitled thereto. The delivery of any such certificate may be effected by hand delivery or by duly posting the same in pre-paid envelopes (at the risk of the persons entitled thereto) to the registered holder at his address appearing in the register of members of CIL and MAG respectively at the close of business on the Record Date.

**5. LEGAL PROCEEDINGS**

On the Effective Date and subject to the order of the Court, all legal proceedings in the Cayman Islands and elsewhere issued by or against CIL or MAG and which are continuing on the Effective Date shall be continued by or against AHIL, as the case may be, and CIL or MAG, as the case may be, shall cease to have any rights or obligations in relation to any such legal proceedings.

**6. DISSOLUTION OF CIL AND MAG**

Within 60 days after the Effective Date and subject to the order of the Court, CIL and MAG shall be dissolved.

**7. EFFECTIVE DATE**

The Scheme shall become effective as soon as a sealed copy of the order of the Court sanctioning the Scheme under sections 86 and 87 of the Law shall have been delivered to the Registrar of Companies for registration in respect of CIL and MAG.

**8. MODIFICATION**

CIL, MAG and AHIL may jointly consent on behalf of themselves and the holders of the CIL Shares, the MAG Class A Shares and the MAG Class B Shares to any modification of or addition to this Scheme or to any condition which the Court may think fit to approve or impose.

Dated: December 2003

**Appendix B**  
**Notices of Court Meetings**

**IN THE GRAND COURT OF THE CAYMAN ISLANDS**

**Cause No. [     ] of 2003**

**IN THE MATTER OF THE COMPANIES LAW (2003 REVISION)**

**IN THE MATTER OF MICHIGAN ASSURANCE GROUP, LTD.**

**NOTICE OF COURT MEETING**

NOTICE IS HEREBY GIVEN that by an Order (the "Order") dated 11<sup>th</sup> December 2003 made in the above matter the Grand Court of the Cayman Islands (the "Court") has directed that a meeting (the "Court Meeting") be convened of the holder of the class A ordinary voting shares of US\$1.00 each (the "MAG Class A Shares") in the share capital of Michigan Assurance Group, Ltd. (the "Company") for the purpose of considering and, if thought fit, approving (with or without modification, addition or condition approved or imposed by the Court) a scheme of arrangement (the "Scheme") proposed to be made between the Company and the holder of the MAG Class A Shares and the holder of the MAG Class B ordinary non-voting shares of US\$1.00 each in the share capital of the Company and between Carondelet Insurance, Ltd and the holder of the ordinary voting shares of US\$1.00 each in the share capital of Carondelet Insurance, Ltd and that the Court Meeting will be held at Marsh Management Services Cayman Limited, 3<sup>rd</sup> Floor, FirstCaribbean House, Main Street, PO Box 1051GT, George Town, Grand Cayman, Cayman Islands on 5<sup>th</sup> January 2004 at 10.30 a.m. (Central Standard Time) at which place and time the holder of MAG Class A Shares is requested to attend.

A copy of the Scheme and a copy of the Explanatory Statement provided with the Scheme are incorporated in the document of which this Notice forms part.

**The holder of MAG Class A Shares may vote in person at the Court Meeting or may appoint another person, whether a member of the Company or not, as proxy to attend and vote in their place.**

A form of proxy for use at the Court Meeting is enclosed with this Notice.

It is requested that forms of proxy be lodged with Marsh Management Services Cayman Limited, FirstCaribbean House, 3<sup>rd</sup> Floor, Main Street, PO Box 1051GT, George Town, Grand Cayman, Cayman Islands (for the attention of Toni Silich) to arrive by not later than 10 a.m. (Central Standard Time) on 2<sup>nd</sup> January 2004.

By the Order, the Court has appointed Toni Silich or failing her, Seamus Tivnan to act as chair of the Court Meeting and had directed the Chair to report the result of the Court Meeting to the Court.

The Scheme will be subject to the subsequent approval of the Court.

Dated 19<sup>th</sup> December 2003

SOLOMON HARRIS  
Attorneys-at-law  
FirstCaribbean House  
2nd Floor, Main Street,  
PO Box 1990GT  
George Town  
Grand Cayman  
Cayman Islands

**IN THE GRAND COURT OF THE CAYMAN ISLANDS**

**Cause No. [     ] of 2003**

**IN THE MATTER OF THE COMPANIES LAW (2003 REVISION)**

**IN THE MATTER OF MICHIGAN ASSURANCE GROUP, LTD.**

**NOTICE OF COURT MEETING**

NOTICE IS HEREBY GIVEN that by an Order (the "Order") dated 11<sup>th</sup> December 2003 made in the above matter the Grand Court of the Cayman Islands (the "Court") has directed that a meeting (the "Court Meeting") be convened of the holder of the class B ordinary non-voting shares of US1.00 each (the "MAG Class B Shares") in the share capital of Michigan Assurance Group, Ltd. (the "Company") for the purpose of considering and, if thought fit, approving (with or without modification, addition or condition approved or imposed by the Court) a scheme of arrangement (the "Scheme") proposed to be made between the Company and the holder of the MAG Class B Shares and the holder of the MAG Class A ordinary voting shares of US1.00 each in the share capital of the Company and between Carondelet Insurance, Ltd and the holder of the ordinary voting shares of US\$1.00 each in the share capital of Carondelet Insurance, Ltd and that the Court Meeting will be held at Marsh Management Services Cayman Limited, 3<sup>rd</sup> Floor, FirstCaribbean House, Main Street, PO Box 1051GT, George Town, Grand Cayman, Cayman Islands on 5<sup>th</sup> January 2004 at 11 a.m. (Central Standard Time) at which place and time the holder of MAG Class B Shares is requested to attend.

A copy of the Scheme and a copy of the Explanatory Statement provided with the Scheme are incorporated in the document of which this Notice forms part.

**The holder of MAG Class B Shares may vote in person at the Court Meeting or may appoint another person, whether a member of the Company or not, as proxy to attend and vote in their place.**

A form of proxy for use at the Court Meeting is enclosed with this Notice.

It is requested that forms of proxy be lodged with Marsh Management Services Cayman Limited, FirstCaribbean House, 3<sup>rd</sup> Floor, Main Street, PO Box 1051GT, George Town, Grand Cayman, Cayman Islands (for the attention of Toni Silich) to arrive by not later than 10 a.m. (Central Standard Time) on 2<sup>nd</sup> January 2004.

By the Order, the Court has appointed Toni Silich or failing her, Seamus Tivnan to act as chair of the Court Meeting and had directed the Chair to report the result of the Court Meeting to the Court.

The Scheme will be subject to the subsequent approval of the Court.

Dated 19<sup>th</sup> December 2004

SOLOMON HARRIS  
Attorneys-at-law  
FirstCaribbean House  
2nd Floor, Main Street,  
PO Box 1990GT  
George Town  
Grand Cayman  
Cayman Islands

**IN THE GRAND COURT OF THE CAYMAN ISLANDS**

**Cause No. [     ] of 2003**

**IN THE MATTER OF THE COMPANIES LAW (2003 REVISION)**

**IN THE MATTER OF CARONDOLET INSURANCE, LTD.**

**NOTICE OF COURT MEETING**

NOTICE IS HEREBY GIVEN that by an Order (the "Order") dated 11<sup>th</sup> December 2003 made in the above matter the Grand Court of the Cayman Islands (the "Court") has directed that a meeting (the "Court Meeting") be convened of the holder of the ordinary voting shares of US\$1.00 each (the "CIL Shares") in the share capital of Carondelet Insurance, Ltd (the "Company") for the purpose of considering and, if thought fit, approving (with or without modification, addition or condition approved or imposed by the Court) a scheme of arrangement (the "Scheme") proposed to be made between the Company and the holder of the Carondelet Shares and between Michigan Assurance Group, Ltd. and the holder of the MAG Class A ordinary voting shares of US\$1.00 each in the share capital of Michigan Assurance Group and the holder of the MAG Class B ordinary non-voting shares of US\$1.00 each in the share capital of Michigan Assurance Group Ltd. and that the Court Meeting will be held at Marsh Management Services Cayman Limited, 3<sup>rd</sup> Floor, FirstCaribbean House, Main Street, PO Box 1051GT, George Town, Grand Cayman, Cayman Islands on 5<sup>th</sup> January 2004 at 10a.m. (Central Standard Time) at which place and time the holder of CIL Shares is requested to attend.

A copy of the Scheme and a copy of the Explanatory Statement provided with the Scheme are incorporated in the document of which this Notice forms part.

**The holder of CIL Shares may vote in person at the Court Meeting or may appoint another person, whether a member of the Company or not, as proxy to attend and vote in their place.**

A form of proxy for use at the Court Meeting is enclosed with this Notice.

It is requested that forms of proxy be lodged with Marsh Management Services Cayman Limited, FirstCaribbean House, 3<sup>rd</sup> Floor, Main Street, PO Box 1051GT, George Town, Grand Cayman, Cayman Islands (for the attention of Toni Silich) to arrive by not later than 10 a.m. (Central Standard Time) on 2nd January 2004.

By the Order, the Court has appointed Toni Silich or, failing her, Seamus Tivnan to act as chair of the Court Meeting and had directed the Chair to report the result of the Court Meeting to the Court.

The Scheme will be subject to the subsequent approval of the Court.

Dated 19<sup>th</sup> December 2003

**SOLOMON HARRIS**

Attorneys-at-law

FirstCaribbean House  
2nd Floor, Main Street,  
PO Box 1990GT  
George Town  
Grand Cayman  
Cayman Islands



IN THE GRAND COURT OF THE CAYMAN ISLANDS  
Cause No. [ ] of 2003 and Cause No [ ] of 2003

IN THE MATTER OF  
MICHIGAN ASSURANCE GROUP, LTD.

and

IN THE MATTER OF  
CARONDELET INSURANCE, LTD

and

IN THE MATTER OF THE COMPANIES LAW (2003 REVISION)

**FORM OF PROXY**

**FOR USE BY HOLDER OF ORDINARY SHARES (“SHAREHOLDER”) IN THE  
CAPITAL OF CARONDELET INSURANCE, LTD. (THE “COMPANY”)**

This Form of Proxy is for use by the holder of Ordinary Shares in the capital of Carondelet Insurance, Ltd in relation to a meeting (the “Court Meeting”) of the holder convened by an order of the Grand Court of the Cayman Islands and to be held at Marsh Management Services Cayman Limited, FirstCaribbean House, 3<sup>rd</sup> Floor, Main Street, PO Box 1051GT, George Town, Grand Cayman, Cayman Islands on 5th January 2004  
At 10a.m. (Central Standard Time)

I/We (1) Ascension Health .....  
of .....

.....

.....(Please enter full address of  
Shareholder)

being the holder of Ordinary Shares in the capital of the Company

HEREBY APPOINT (2) .....

As my/our proxy to represent me/us at the Court Meeting for the purpose of considering and, if thought fit, approving the scheme of arrangement (the “Scheme”) referred to in the Notice convening the Court Meeting and at the Court Meeting, or any adjournment thereof, to vote for me/us and in my/our name for or against the Scheme (subject to any modification, addition or condition as my/our proxy may approve) as hereinafter indicated.

I/We direct my/our proxy to vote for me/us at the Court Meeting as follows: (3)

For Scheme	Against Scheme

Name .....

Capacity (4) .....

.....  
Signature

Date .....

### INSTRUCTIONS FOR COMPLETION OF THIS FORM OF PROXY

- (1) Enter full name and address of Shareholder in block capitals. If you are the duly authorised agent and/or attorney of one or more Shareholders, complete a Form of Proxy in respect of each Shareholder (photocopying the Form of Proxy as many times as necessary) and provide evidence (which must be satisfactory to the Chair of the Court Meeting) of your authority to execute the Form of Proxy on their behalf.
- (2) The person to be appointed as the proxy need not be a Shareholder. That person must attend the Court Meeting in person. If this Form of Proxy is completed in all respects apart from the name of the proxy, the Chair will be deemed to have been appointed the proxy.
- (3) Please indicate by placing a cross or other mark in one of the boxes. If a cross or other mark is place in both boxes, the Form of Proxy will be considered spoilt and invalid.

- (4) If you are the duly authorised representative of a corporation, a partnership or an unincorporated body of persons, enter the capacity in which you have signed the Form of Proxy (for example, director, partner or attorney).

**GENERAL NOTES**

- (A) Please complete and return the Form of Proxy as soon as possible to Marsh Management Services Cayman Limited, FirstCaribbean House, 3<sup>rd</sup> Floor, Main Street, PO Box 1051, George Town, Grand Cayman, Cayman Islands (for the attention of Toni Silich) to arrive by not later than 10 a.m (Central Standard Time) on 2<sup>nd</sup> January 2004. Forms of Proxy returned by facsimile transmission or other electronic means will not be valid.
- (B) Any alteration to the Form of Proxy must be initialed by the person who signs it.

IN THE GRAND COURT OF THE CAYMAN ISLANDS  
Cause No. [ ] of 2003 and Cause No [ ] of 2003

IN THE MATTER OF  
MICHIGAN ASSURANCE GROUP, LTD.

and

IN THE MATTER OF  
CARONDELET INSURANCE, LTD

and

IN THE MATTER OF THE COMPANIES LAW (2003 REVISION)

**FORM OF PROXY**

**FOR USE BY HOLDER OF ORDINARY SHARES (“SHAREHOLDER”) IN THE  
CAPITAL OF MICHIGAN ASSURANCE GROUP LTD. (THE “COMPANY”)**

This Form of Proxy is for use by the holder of Class A Ordinary Shares in the capital of Michigan Assurance Group, Ltd in relation to a meeting (the “Court Meeting”) of the holder convened by an order of the Grand Court of the Cayman Islands and to be held at Marsh Management Services Cayman Limited, FirstCaribbean House, 3<sup>rd</sup> Floor, Main Street, PO Box 1051GT, George Town, Grand Cayman, Cayman Islands on 5th January 2004 at 10.30 a.m. (Central Standard Time)

I/We (1) Ascension Health .....  
of .....  
.....

.....(Please enter full address of  
Shareholder)

being the holder of Ordinary Shares in the capital of the Company

HEREBY APPOINT (2) .....

As my/our proxy to represent me/us at the Court Meeting for the purpose of considering and, if thought fit, approving the scheme of arrangement (the “Scheme”) referred to in the Notice convening the Court Meeting and at the Court Meeting, or any adjournment thereof, to vote for me/us and in my/our name for or against the Scheme (subject to any modification, addition or condition as my/our proxy may approve) as hereinafter indicated.

I/We direct my/our proxy to vote for me/us at the Court Meeting as follows: (3)

For Scheme	Against Scheme

Name .....

Capacity (4) .....

.....  
Signature

Date .....

### INSTRUCTIONS FOR COMPLETION OF THIS FORM OF PROXY

- (1) Enter full name and address of Shareholder in block capitals. If you are the duly authorised agent and/or attorney of one or more Shareholders, complete a Form of Proxy in respect of each Shareholder (photocopying the Form of Proxy as many times as necessary) and provide evidence (which must be satisfactory to the Chair of the Court Meeting) of your authority to execute the Form of Proxy on their behalf.
- (2) The person to be appointed as the proxy need not be a Shareholder. That person must attend the Court Meeting in person. If this Form of Proxy is completed in all respects apart from the name of the proxy, the Chair will be deemed to have been appointed the proxy.
- (3) Please indicate by placing a cross or other mark in one of the boxes. If a cross or other mark is place in both boxes, the Form of Proxy will be considered spoilt and invalid.

- (4) If you are the duly authorised representative of a corporation, a partnership or an unincorporated body of persons, enter the capacity in which you have signed the Form of Proxy (for example, director, partner or attorney).

**GENERAL NOTES**

- (A) Please complete and return the Form of Proxy as soon as possible to Marsh Management Services Cayman Limited, FirstCaribbean House, 3<sup>rd</sup> Floor, Main Street, PO Box 1051, George Town, Grand Cayman, Cayman Islands (for the attention of Toni Silich) to arrive by not later than 10 a.m (Central Standard Time) on 2<sup>nd</sup> January 2004. Forms of Proxy returned by facsimile transmission or other electronic means will not be valid.
- (B) Any alteration to the Form of Proxy must be initialed by the person who signs it.

IN THE GRAND COURT OF THE CAYMAN ISLANDS  
Cause No. [ ] of 2003 and Cause No [ ] of 2003

IN THE MATTER OF  
MICHIGAN ASSURANCE GROUP, LTD.

and

IN THE MATTER OF  
CARONDELET INSURANCE, LTD

and

IN THE MATTER OF THE COMPANIES LAW (2003 REVISION)

**FORM OF PROXY**

**FOR USE BY HOLDER OF ORDINARY SHARES (“SHAREHOLDER”) IN THE  
CAPITAL OF MICHIGAN ASSURANCE GROUP LTD. (THE “COMPANY”)**

This Form of Proxy is for use by the holder of Class B Ordinary Shares in the capital of Michigan Assurance Group, Ltd in relation to a meeting (the “Court Meeting”) of the holder convened by an order of the Grand Court of the Cayman Islands and to be held at Marsh Management Services Cayman Limited, FirstCaribbean House, 3<sup>rd</sup> Floor, Main Street, PO Box 1051GT, George Town, Grand Cayman, Cayman Islands on 5th January 2004 at 11 a.m. (Central Standard Time)

I/We (1) Ascension Health .....  
of .....

.....

.....(Please enter full address of  
Shareholder)

being the holder of Ordinary Shares in the capital of the Company

HEREBY APPOINT (2) .....

As my/our proxy to represent me/us at the Court Meeting for the purpose of considering and, if thought fit, approving the scheme of arrangement (the “Scheme”) referred to in the Notice convening the Court Meeting and at the Court Meeting, or any adjournment thereof, to vote for me/us and in my/our name for or against the Scheme (subject to any modification, addition or condition as my/our proxy may approve) as hereinafter indicated.

I/We direct my/our proxy to vote for me/us at the Court Meeting as follows: (3)

For Scheme	Against Scheme

Name .....

Capacity (4) .....

.....  
Signature

Date .....

### **INSTRUCTIONS FOR COMPLETION OF THIS FORM OF PROXY**

- (1) Enter full name and address of Shareholder in block capitals. If you are the duly authorised agent and/or attorney of one or more Shareholders, complete a Form of Proxy in respect of each Shareholder (photocopying the Form of Proxy as many times as necessary) and provide evidence (which must be satisfactory to the Chair of the Court Meeting) of your authority to execute the Form of Proxy on their behalf.
- (2) The person to be appointed as the proxy need not be a Shareholder. That person must attend the Court Meeting in person. If this Form of Proxy is completed in all respects apart from the name of the proxy, the Chair will be deemed to have been appointed the proxy.
- (3) Please indicate by placing a cross or other mark in one of the boxes. If a cross or other mark is place in both boxes, the Form of Proxy will be considered spoilt and invalid.